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PRODUCTION SALARY SURVEY pg. 94

Folio:

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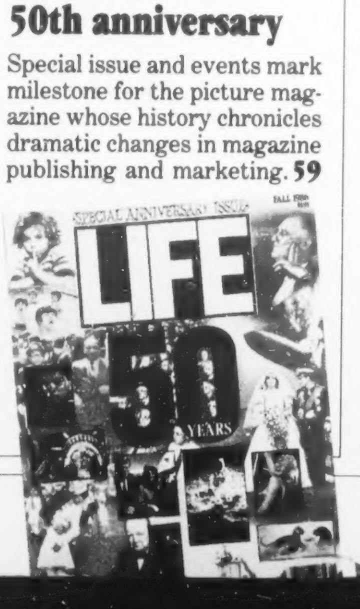
Thinking: The art of good writing

Is the writing in your magazine thoughtful and meaningful? Or is it something else—sleight of hand, regurgitation of the facts, or some other product of incompetence or laziness? Too much magazine writing lacks purpose, analysis or logic, according to this editorial director of a business publishing group. Here's a thoughtful article on slippage in editorial quality and what you can do to maintain high editorial standards. **82**

Life celebrates 50th anniversary

Special issue and events mark milestone for the picture magazine whose history chronicles dramatic changes in magazine publishing and marketing. **59**



Tax reform helpful

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Fierce printer competition continues

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This rapidly expanding form of publishing is explored by an executive at American Demographics publishing company, who has found many uses for it.

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You can reap the rewards of quick cash, cost savings and higher renewal rates by speeding up the timing of your renewal requests using these tips.

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While new subscriptions boosted many consumer magazine titles, single-copy sales pulled as many under, a FOLIO: analysis of ABC's Fas-Fax reveals.

Ad rate hikes held to 4%-6% 20

Expecting a soft market and tight advertising budgets for 1987, many magazine publishers are reining in ad rate increases. Some agencies say more than 5 percent is a flag to go with competitors.

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UPDATE

Fierce printer competition continues

Publishers benefit as unused press capacity drives down prices

The magazine printing industry is still engaged in cutthroat pricing competition, which has created a real buyers' market for magazine publishers.

Publishers from large consumer magazines to small business publications find themselves in the driver's seat as printers with web offset equipment, desperate to fill excess capacity, continue to sweeten their printing offers.

The irony is that this boon for publishers derives in part from publishers' biggest headache: the decline in ad pages since 1985. The price competition is also a result of the installation of new high-speed presses and bindery lines that give printers greater capacity than before.

The upgraded presses were pur-

(CONTINUED ON PAGE 43)

MEREDITH/BURDA

***The ad page bust** is behind the printing price drop. Many printers who added capacity when pages were booming from 1982 to 1984 must now scramble for business.*

Circulation gains tough to come by in first half

While subscriptions boosted many titles, single-copy sales pulled as many under

Schaumburg, Ill.—Little more than half of the 444 U.S. consumer magazines measured by the Audit Bureau of Circulations (ABC) reported total paid circulation gains for the first half of 1986 compared to the same period last year, a FOLIO: analysis of ABC's Fas-Fax report shows.

While only 50.9 percent of the titles audited showed improvement in overall circulation, subscription gains continued to buoy those figures against the persistent slide in single-copy sales. Of the 429 consumer magazines sold by subscription, 54.5 percent reported gains over the period a year earlier.

On the newsstands, however, 53.8 percent of the 392 titles reporting newsstand sales saw their average unit sales decline for the first half. Nonetheless, this performance was better than that of the last half of 1985, when nearly 75 percent of the measured magazines experienced newsstand declines.

Eight of the top-15 magazines ranked by unit single-copy sales finished the period with newsstand declines, most notably *Woman's Day*, which was down an average of 959,295 copies of a total 5,631,835 circulation. *Woman's Day*'s falloff reflects the magazine's decision to scale back its guaranteed rate base—a tack taken recently by several large-circulation titles. Also suffering substantial single-copy declines were *Family Circle*, off an average 319,544 copies; *Penthouse*, down 376,526; and *Playboy*, off 305,987.

Top newsstand sellers

The top-five newsstand sellers, ranked in declining order by unit single-copy sales, and their newsstand performance, were *TV Guide* (-0.5 percent); *Family Circle* (-5.0 percent); *Woman's Day* (-14.7 percent); *National Enquirer* (+0.1 percent); and *The Star* (+5.7 percent).

While women's service and gener-

Consumer magazines ranked by unit increase in total paid circulation

First half 1986	Total paid circulation		
Magazine*	First half 1986	Unit increase**	Percent increase
1. *Modern Maturity*	13,597,330	1,779,014	15.1
2. *National Geographic*	10,690,714	241,318	2.3
3. *The Star*	3,560,013	239,815	7.2
4. *Country Living*	1,580,083	215,351	15.8
5. *U.S. News & World Report*	2,255,943	185,271	8.9
6. *Money*	1,772,871	141,958	8.7
7. *Time*	4,832,395	136,075	2.9
8. *The American Legion Magazine*	2,647,405	121,615	4.8
9. *'Teen*	1,124,003	121,344	12.1
10. *Cosmopolitan*	2,935,488	115,379	4.1

Source: FOLIO: analysis of ABC Fas-Fax report, June 30, 1986.
*Only magazines with Publisher's Statements in both time periods were considered.
**Compared with the same six-month period in 1985.

Consistent gainers: National Geographic, The Star, Country Living, Money *and* Cosmopolitan *dominated the ranks for unit increase in total paid circulation in the last half of 1985 as well as in the first half of 1986.*

Consumer magazines ranked by unit increase in single-copy sales

First half 1986	Single-copy circulation		
Magazine*	First half 1986	Unit increase**	Percent increase
1. *The Star*	3,351,706	182,117	5.7
2. *Sun*	359,291	109,015	43.6
3. *Cosmopolitan*	2,607,144	84,480	3.3
4. *Woman*	472,606	71,219	17.7
5. *Muscle & Fitness*	427,144	55,121	14.8
6. *National Examiner*	1,072,582	48,897	4.8
7. *'Teen*	300,412	42,249	16.4
8. *Country Living*	489,441	38,483	8.5
9. *Shape*	419,317	37,780	9.9
10. *Money*	354,053	35,624	11.2

Source: FOLIO: analysis of ABC Fas-Fax report, June 30, 1986.
*Only magazines with Publisher's Statements in both time periods were considered.
**Compared with the same six-month period in 1985.

***Several women's magazines took high ratings** for unit increases in newsstand sales in the first half of 1986.* Cosmopolitan, Woman, 'Teen *and* Shape *performed well on the racks. Many other large women's titles, however, suffered declines.*

al editorial titles showed generally mixed returns from newsstands for the first half of the year, the men's group remained troubled. Only *M: The Civilized Man* saw an increase in newsstand sales (28.8 percent); *Gentlemen's Quarterly, Penthouse, Cheri, Gallery* and *High Society* each suffered unit single-copy sales declines of more than 11 percent. Total paid circulation figures were dismal as well, though offset somewhat by modest subscription gains. Still, only *M* moved up overall —a slim 0.3 percent gain after a 15.2 percent unit loss in subscriptions. *Esquire* dropped 2.6 percent overall.

As a group, newsweeklies performed well on newsstands: *Newsweek* was up 18 percent, *Time*, 7.3 percent and *U.S. News & World Report*, 1.6 percent. *Time* and *U.S. News* also posted subscription gains, up 2.9 percent and 8.9 percent, respectively.

Single-copy analyst Ron Scott believes that because of the increasing number of new titles on the stands, the high-volume, general-interest titles will continue to lose newsstand circulation while their overall unit sales will keep rising. He adds that ABC figures no longer reflect overall single-copy sales: A growing number of specialized, consumer-driven publications do not report to ABC, which traditionally covers publications driven by advertiser revenue.

Biggest gains in subscriptions

Modern Maturity posted the largest unit gains in overall circulation by increasing its subscription base an average 1,779,014 copies, or 15.1 percent for the period. The magazine is received by members of the American Association of Retired Persons.

Other titles that counted on major subscription growth to boost them into the top 10 in terms of unit increase were *Country Living*, up 15.8 percent overall; *National Geographic* (2.3 percent); *Time* (2.9 percent); *The American Legion Magazine* (4.8 percent); and *Money* (8.7 percent).

On a total percent increase basis, big winners included *Art & Antiques, TV Picture Life* and *American Demographics*, each of which ranked among the top-10 total circulation percentage gainers for the first half of 1986 as well as for the last half of 1985.

Among the 25 largest general editorial titles, total paid circulation gains outnumbered declines by about two to one. *Vanity Fair* continued its climb with a healthy 13.6 percent increase, while *Connoisseur* managed big subscription increases for an overall gain of 25.2 percent. *Rolling Stone* offset newsstand declines (-5.7 percent) by bolstering subscriptions (+17.9 percent) for an 11.2 percent total rise. *Reader's Digest* dropped 3.3 percent in total circulation, reflecting its decision last year to cut its guaranteed rate base by 1.5 million.

Business/finance magazines were a mixed bag in terms of overall circulation performance. The big three, *Business Week, Forbes* and *Fortune*, were all flat. *Financial World* showed the greatest circulation growth, posting a 16.3 percent gain, followed by *Barron's* (8.9 percent) and *Venture* (7.8 percent). *Harvard Business Review* declined an even 10 percent.

Shelter magazines off

For shelter magazines, the losers outnumbered the winners in total paid circulation by more than two to one.

Consumer magazines ranked by unit increase in subscription sales

First half 1986 **Subscription circulation**

Magazine*	First half 1986	Unit increase**	Percent increase
1. *Modern Maturity*	13,597,330	1,779,014	15.1
2. *National Geographic*	10,621,447	253,708	2.4
3. *U.S. News & World Report*	2,201,467	184,399	9.1
4. *Country Living*	1,090,642	176,868	19.4
5. *Family Circle*	486,262	171,293	54.4
6. *The American Legion Magazine*	2,647,405	121,615	4.8
7. *Time*	4,602,853	120,365	2.7
8. *Us*	635,148	119,656	23.2
9. *Rolling Stone*	779,097	118,241	17.9
10. *Money*	1,418,818	106,334	8.1

Source: FOLIO: analysis of ABC Fas-Fax report, June 30, 1986.
*Only magazines with Publisher's Statements in both time periods were considered.
**Compared with the same six-month period in 1985.

***Weeklies and biweeklies picked up** significant unit increases in subscription sales in the first half of 1986, with* U.S. News & World Report, Time, Us *and* Rolling Stone *taking four of the top-10 spots.*

Largest percentage gains, overall circulation

First half 1986

Magazine*	Total paid circulation**	Percent gain
1. *Metropolitan Detroit*	80,701	157.6
2. *Satellite Orbit*	403,621	148.2
3. *Mature Outlook*	521,074	96.3
4. *Digital Audio*	63,545	66.3
5. *Art & Antiques*	93,588	58.5
6. *Dr. Dobb's Journal of Software Tools*	46,821	53.0
7. *Sun*	362,061	43.8
8. *TV Picture Life*	124,920	41.0
9. *American Demographics*	15,015	39.1
10. *Sew News*	141,666	38.8

Source: FOLIO: analysis of ABC Fas-Fax report, June 30, 1986.
*Only magazines with Publisher's Statements in both time periods were considered.
**Compared with the same six-month period in 1985.

***Posting the greatest percentage circulation increase** for the first half of 1986 was* Metropolitan Detroit, *now in its third year of publication.* Sun, *a Globe tabloid, was number two among consumer magazines ranked by unit increase in single-copy sales.*

Country Living and *Home* were the standouts with jumps of 15.8 percent and 14.7 percent, respectively. *Better Homes and Gardens' Country Home* saw substantial improvement in its total circulation, up 9.1 percent, and *Sunset* posted a 3.6 percent gain. Figures were flat at best for other shelter titles with *Architectural Digest, New Shelter* (now *Practical Homeowner*) and *Town & Country* all suffering drops of more than 3 percent.

In the health category, overall circulation leaders *Prevention* and *Health* saw declines of 4.7 percent and 1.7 percent, respectively. Smaller titles, in turn, experienced gains ranging from 1.4 percent for *American Health* to 13.2 percent for *Shape*, which climbed substantially in both single-copy and subscription sales.

The sports group experienced more gains than losses in total paid circulation, led by giant *Sports Illustrated* (2.1 percent) and *Inside Sports* (16.9 percent).☐

Subscription mix shifting

Beneath the surface of overall subscription base growth, the diverse network of contributing channels is undergoing significant change. According to circulation consultant David Foster, president of David Foster & Associates, Mount Vernon, New York, consumer magazine publishers increasingly acquire new subscription business through mail and/or direct request, which includes direct-to-publisher business and direct mail agencies such as Publishers Clearing House.

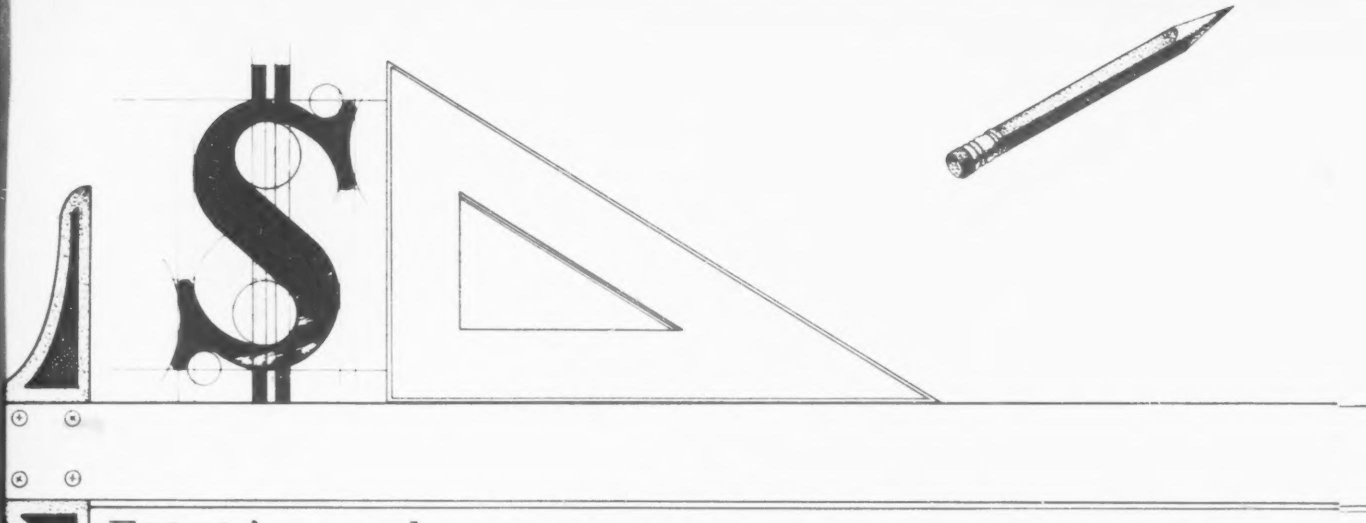
In 1985, mail/direct request was responsible for 72.5 percent of all subscriptions sold, compared to 70 percent in 1981, a 35 percent increase over the past four years, according to Foster's database analysis of Audit Bureau of Circulations consumer publications. Of the 189 million direct mail/request sales in 1985, 50 million to 60 million subscriptions—40 percent to 45 percent—were accounted for by direct mail agencies, Foster says.

Subscriptions through association memberships have also grown. Led by American Association of Retired Persons drives, the percentage attributed to such memberships has grown by 1.7 percent to account for 18.1 percent of all subscriptions sold.

However, school and church plans now play a significantly smaller role in overall sales, dropping from 4.25 percent of the total in 1981 to 3 percent in 1985.

Paid-during-service and cash field sources, originating from a publisher's own staff and independents, lost 3.8 percent of their market share, while subscriptions originating from catalog agencies remained essentially flat.

Foster concludes that expanded use of a balanced variety of subscription agencies makes sense for magazines driven by ad revenue and requiring maximum circulation growth. But magazines dependent on circulation profitability may want to cut back on agency-sold subscriptions.



FOLIO:'s second annual production salary survey reveals average salary for a production director is $41,389

BY JEAN ANGELO
SENIOR ASSOCIATE EDITOR

Production executives are jugglers, according to a FOLIO: Production Salary Survey respondent. The production executive is paid to do the "catch the extra balls routine—with missed editorial deadlines, ad extensions and press and reproduction problems," says a woman production manager who has two years of experience. "And if the routine fails and the juggler fumbles, suddenly everyone in the balance realizes that the momentum is broken," she adds.

FOLIO: wanted to find out what these jugglers—who negotiate contracts, handle last minute changes and get the magazine to the printer on time—are paid. The result of our research into that subject is divided into two parts—or two groups of respondents. The first represents production directors, but also includes vice presidents of production and other top production management. The second is made up of production managers.

The survey yielded some interesting findings. Two facts stand out:

•Business magazines are more likely to offer deferred compensation (pension and profit sharing plans) to their production employees.

•Men in production earn more than women. Males in the top production spot earn about 50 percent more than female counterparts. Male production managers make 45 percent more than female production managers.

Production directors

The average annual salary for those who hold the top production title (production director, vice president of production) is $41,389.

Production directors on consumer magazines have a higher average salary than their peers on business magazines. The average salary for those working on consumer titles is $43,800—12.9 percent higher than that of business management, which is $38,792.

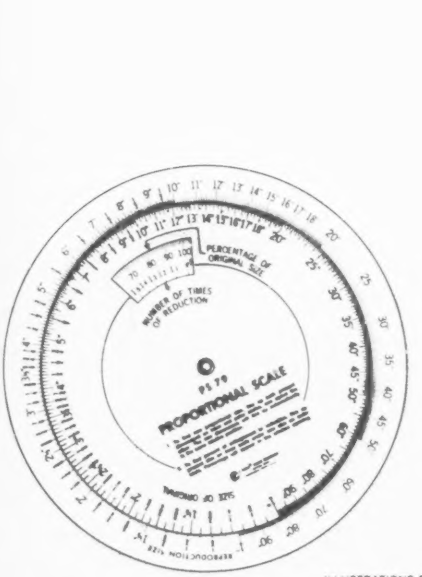
Of the 230 production directors, vice presidents and others in production management who responded to FOLIO:'s survey, 29 percent work on magazines ranked in The Folio:400. The average salary for those on Folio:400 magazines is $48,234, compared to $38,575 for those who do not work on Folio:400 titles.

Production directors in the Northeast are paid the highest average salary: $48,025. The second highest paying region for production directors is the North Central region, with an average salary of $36,344.

The number of pages produced annually does not seem to affect salary greatly. FOLIO: asked respondents to estimate the number of pages that will run this year in the magazine with the largest circulation on which they work. Those whose largest magazine will carry up to 499 pages report an average salary of $38,990. Production directors whose largest titles contain more than 1,500 pages earn only 4.6 percent more, or $40,791.

Not surprisingly, salary does increase as the number of people under a respondent's supervision increases. Production directors who do not supervise any full-time employees earn $30,788. Those with a staff of 11 or more earn almost twice as much, or $60,154.

Handling the fast-paced production needs of a weekly nets an average annual salary of $51,236. This is 26.9 percent higher than the salary for those working on monthlies, which is



ILLUSTRATIONS BY
EARL KELENY

Production salary survey

$40,366. The average salary for production directors who supervise monthlies is almost identical to the average salary going to those who work on other frequency publications (biweeklies, semimonthlies and quarterlies). The latter group's average is $40,743.

Male directors are earning 49.5 percent more than female directors and vice presidents. Males report an average salary of $48,536, compared to the females' $32,469.

Those who work on more than one title earn 12 percent more than their counterparts who handle only one publication. The average for those who work on more than one magazine is $42,817, compared to $38,206 for those who work on one magazine.

Production managers

The average salary for those in the number-two spot on the production staff is $26,829. Production managers on consumer magazines are earning 13.3 percent more than managers on business titles. The average salary for managers at consumer magazines is $28,696; for those on business magazines it is $25,339.

Of the 335 production managers who responded to FOLIO:'s survey, 32.2 percent work on magazines ranked in The Folio:400. The average salary for those on Folio:400 magazines is $31,523, compared to $24,596 for those who do not work on Folio:400 titles.

The 17 respondents in the South Central states have the highest salary average: $31,935. The next highest paying region is the South Atlantic, at $28,465. The Northeast, which is the highest paying region for production directors, is in third place here. Production managers in the Northeast earn $27,993.

Supervising six or more employees nets an average salary of $39,711 for production managers. This is 83.2 percent higher than the $21,678 average paid to those who supervise no full-time employees. Managers who supervise one full-timer report an average salary of $26,688.

The gap between salaries for those who work on weeklies and those who work on monthlies is not as great for production managers as it is for top management. Production managers on weeklies earn $29,704, which is 14.4 percent higher than the average salary for managers who work on monthlies. They earn $25,964. Those who work on magazines with other frequencies (biweeklies, semimonthlies and quarterlies) earn $27,716.

Female production managers earn approximately $10,000 less than their male counterparts. The average salary for a female production manager is $23,755. The male's average salary is 45 percent higher, or $34,433.

Experience pays off for production managers. Those with up to three years of experience earn an average salary of $19,697. Managers with four to 10 years of experience can earn 25.4 percent more, or $24,702. Those with 25 or more years of production experience report an average of $43,834.

Working on more than one magazine does not mean more money for production managers. In fact, those who work on only one magazine have a higher average salary ($29,702) than those working on more than one magazine ($25,041).

Bonuses

Production directors receive an average annual bonus of $5,696. Production managers get $1,966.

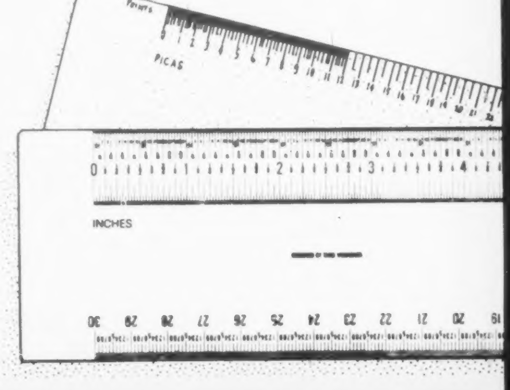
Male production directors receive a bonus that is more than twice as

"I notice a definite need to establish salary guidelines as well as job descriptions for people in production. This lack of an accurate pay scale and clear definition of job titles and responsibilities results in our industry's misconception of where production directors and managers really fit into the publishing hierarchy. The confusion works against us."

Production director in the Northeast with six years of experience, earning $26,000.

"I love my duties."

Production manager, supervising 100 full-time staffers, earning $100,000.



"The entire department is considered a necessary evil by editorial and advertising. They are sure that they could do the job as well or better."

Production manager in the Northeast on a consumer magazine with 100,000 circulation, earning $25,000.

"I love the work and responsibilities . . . . My salary was always low until the last few years. My background as a commercial artist and designer has helped a great deal."

Production manager with 33 years of experience, working in the Northeast, earning $35,000.

much as the bonus given to females holding the same job titles. Males receive $7,516; females, $3,298.

Directors on consumer magazines receive an annual bonus of $6,608. This is 52.6 percent higher than the bonus given to their counterparts on business titles. They receive $4,328.

For production managers the bonus average is just about the same. Business managers get $1,977; consumer managers, $1,949.

Deferred compensation

About 64 percent of production directors and 67 percent of production managers are offered deferred compensation (pension or profit sharing) plans.

A higher percentage of production directors and production managers on business magazines are offered deferred compensation.

About 74 percent of production directors and 73.5 percent of production managers on business magazines are offered deferred compensation. This compares with 55 percent and 56.5 percent, respectively, for consumer magazine production directors and managers.

Using the numbers

It is important to use the salary information in this survey cautiously. In many instances there were not enough respondents in certain cells to enable us to reach conclusions. For this reason, FOLIO: is publishing the number of respondents in parentheses.

The survey is also limited to comparing one variable at a time. For example, production directors and vice presidents in the Northeast are earning higher salaries than their peers in other regions, but are those in the Northeast who responded to the survey working on larger circulation magazines? Are they the ones with the most experience? FOLIO: cannot answer these questions, or offer an analysis.

Calls for recognition

Many of the comments that respondents offered as part of FOLIO:'s survey reflect a feeling that production people are publishing's unsung heroes. Here is a sampling:

"The interesting thing about the production department is that, in many companies, regardless of the fact that our budgets are generally much higher than any other department's, little effort is spent by administration in monitoring these funds. The production department is usually ignored, blamed for most problems, and compensated least in direct proportion to the level of responsibilities. Still, it is an enjoyable field, full of opportunities to learn," observes a woman production director in the South, earning $37,000.

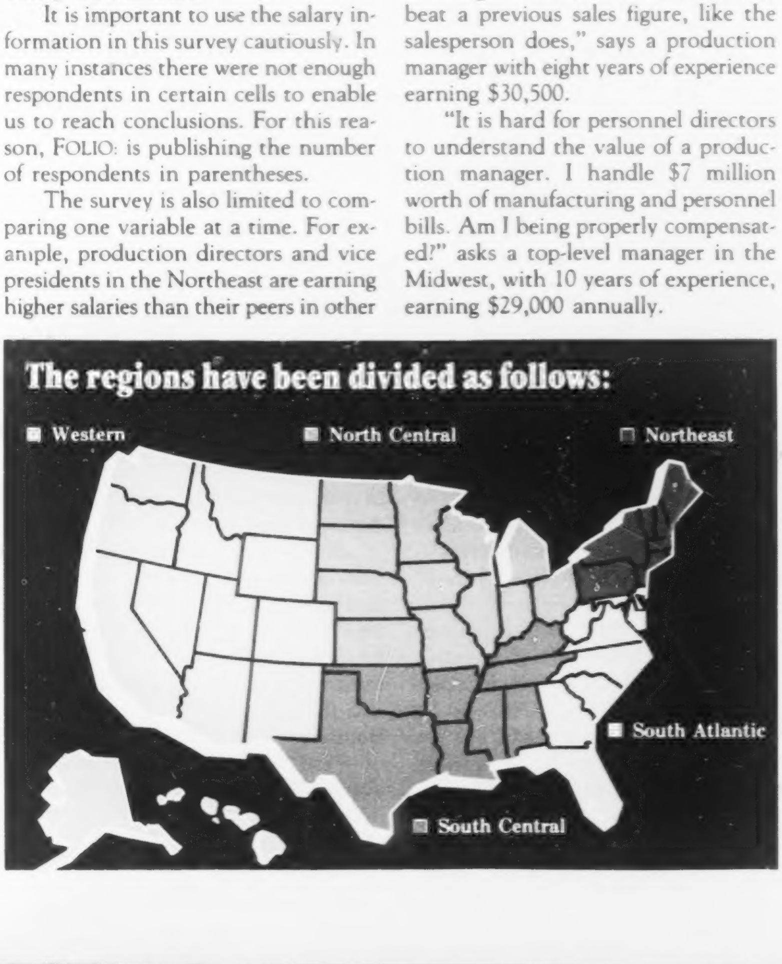
"I feel that I would be better compensated if I could win some award for the magazine like the editor does, or beat a previous sales figure, like the salesperson does," says a production manager with eight years of experience earning $30,500.

"It is hard for personnel directors to understand the value of a production manager. I handle $7 million worth of manufacturing and personnel bills. Am I being properly compensated?" asks a top-level manager in the Midwest, with 10 years of experience, earning $29,000 annually.

"Although my salary may seem better than adequate, it pales by comparison to others in this company of equal or even lower position . . . a result of the age-old production bias. This is changing, but the change is slow, slow, slow. We are still the garage mechanics of the publishing world."

Production director in the Northeast, with 10 years of experience, earning $55,600.

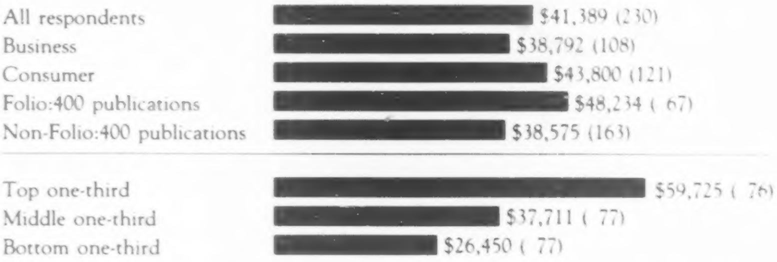
The regions have been divided as follows:



Production directors

Production management (may be called production director, vice president of production): Negotiates printing, typesetting and engraving contracts; establishes production schedules. Oversees individual production managers and advises on technical matters; is directly responsible for quality control.

Average salaries (The number of respondents is in parentheses.)



	Average	Average business	Average consumer
By region:			
Northeast	$48,025 (107)	$43,913 (55)	$52,375 (52)
South Atlantic	34,839 (26)	30,915 (14)	39,416 (12)
North Central	36,344 (38)	34,940 (19)	37,747 (19)
South Central	32,928 (21)	30,785 (7)	34,307 (13)
Western	36,301 (36)	35,558 (12)	36,673 (24)
By average total pages produced annually:†			
To 499	$38,990 (29)	$34,744 (12)	$41,988 (17)
500-999	37,285 (56)	36,074 (25)	38,538 (30)
1,000-1,499	35,934 (49)	35,737 (21)	36,082 (28)
1,500 and over	40,791 (49)	36,992 (25)	44,750 (24)
By no. of production employees under supervision:			
None	$30,788 (13)	$25,983 (6)	$35,726 (6)
One	33,394 (27)	31,204 (12)	35,146 (15)
2-5	38,614 (105)	37,730 (58)	39,706 (47)
6-10	42,683 (53)	41,095 (20)	43,645 (33)
11 and over	60,154 (31)	54,083 (12)	63,989 (19)
By frequency:†			
Weekly	$51,236 (19)	$43,583 (12)	$64,357 (7)
Monthly	40,366 (135)	37,888 (64)	42,780 (70)
Other	40,743 (76)	38,805 (32)	42,153 (44)
By circulation:†			
To 19,999	$31,642 (14)	$33,750 (12)	$19,000 (2)
20,000-49,999	33,248 (27)	34,237 (24)	25,333 (3)
50,000-99,999	35,067 (28)	34,969 (20)	35,312 (8)
100,000-499,999	39,535 (100)	41,827 (40)	38,143 (59)
500,000 and over	53,028 (55)	51,557 (10)	53,355 (45)
By sex:			
Female	$32,469 (101)	$31,222 (47)	$33,554 (54)
Male	48,536 (128)	44,912 (60)	52,058 (67)
By years in business:			
Up to 3	$32,517 (19)	$28,219 (12)	$39,885 (7)
4-10	34,997 (87)	32,565 (36)	36,849 (50)
11-15	35,829 (41)	37,493 (15)	34,869 (26)
16-25	50,578 (55)	45,267 (27)	55,700 (28)
Over 25	58,370 (27)	49,666 (18)	75,777 (9)
Responsible for:			
One magazine	$38,206 (69)	$34,634 (29)	$40,796 (40)
More than one magazine	42,817 (158)	40,314 (77)	45,387 (80)

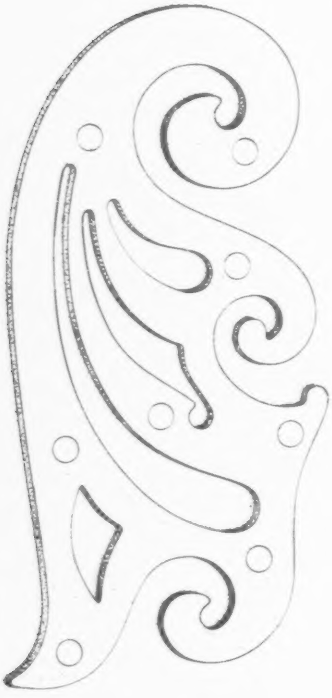
† Refers to the magazine with the largest circulation on which respondent works.

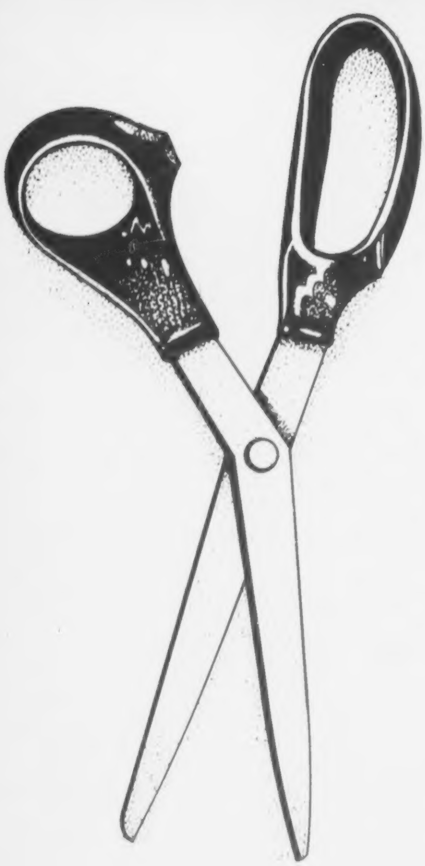
"Production is a department that receives fewer perks . . . than other departments. On the other hand, it is a field that offers new information, improved equipment, systems and a chance for continued education."

Production director in the South, with eight years of experience, earning $37,000.

"High stress, long hours, low pay. The best thing about the job is interaction with artists, writers and photographers. The worst thing is schedule changes. As soon as a schedule is set, someone needs to change it."

Production director in the South, with nine years of experience, earning $21,000.

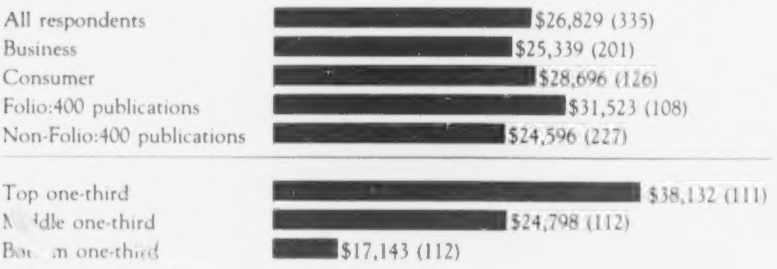




Production managers

Production manager: Directly responsible for daily production operations, including publication paste-up, quality control and maintaining production schedules. Is liaison with printing plant. May traffic advertising and editorial materials.

Average salaries (The number of respondents is in parentheses.)

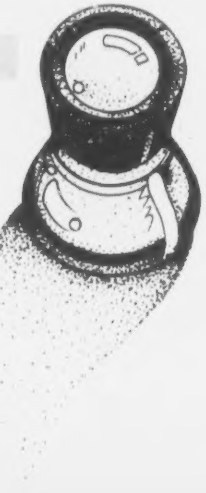


	Average	Average business	Average consumer
By region:			
Northeast	$27,993 (144)	$26,424 (86)	$30,466 (55)
South Atlantic	28,465 (32)	25,440 (22)	35,119 (10)
North Central	23,588 (88)	22,618 (61)	25,778 (27)
South Central	31,935 (17)	35,271 (7)	29,555 (9)
Western	24,930 (52)	25,380 (25)	25,074 (25)
By average total pages produced annually:†			
To 499	$25,715 (80)	$23,534 (42)	$26,549 (36)
500-999	23,689 (58)	23,732 (37)	23,794 (20)
1,000-1,499	27,582 (66)	26,707 (36)	28,633 (30)
1,500 and over	28,845 (79)	26,224 (48)	33,068 (30)
By no. of production employees under supervision:			
None	$21,678 (79)	$20,836 (60)	$24,580 (18)
One	26,688 (95)	26,773 (54)	26,676 (38)
2-5	27,414 (117)	25,640 (63)	29,456 (53)
6 and over	39,711 (35)	34,576 (20)	35,200 (17)
By frequency:†			
Weekly	$29,704 (21)	$29,588 (17)	$30,200 (4)
Monthly	25,964 (192)	23,522 (111)	29,635 (79)
Other	27,716 (116)	27,297 (72)	26,602 (41)
By circulation:†			
To 19,999	$22,745 (42)	$21,191 (33)	$30,373 (8)
20,000-49,999	23,413 (56)	24,390 (43)	20,200 (12)
50,000-99,999	26,252 (62)	27,521 (44)	21,848 (15)
100,000-499,999	26,559 (113)	25,964 (68)	25,810 (44)
500,000 and over	35,643 (50)	33,542 (6)	35,930 (44)
By sex:			
Female	$23,755 (237)	$22,673 (145)	$25,588 (89)
Male	34,433 (97)	32,503 (55)	36,172 (37)
By years in business:			
Up to 3	$19,697 (79)	$18,759 (53)	$21,610 (26)
4-10	24,702 (161)	23,993 (92)	25,948 (65)
11-15	32,434 (39)	30,084 (23)	35,812 (16)
16-25	37,450 (34)	33,109 (21)	41,300 (10)
Over 25	43,834 (20)	46,450 (10)	42,355 (9)
Responsible for:			
One magazine	$29,702 (131)	$27,038 (66)	$31,507 (60)
More than one magazine	25,041 (200)	24,575 (132)	26,173 (65)

† Refers to the magazine with the largest circulation on which respondent works.

"I came to my position with an understanding of publishing from another angle—the editorial side. I've learned an incredible amount in the two years I have been here, and see myself continuing in this area for several years."

Production manager in the West, with two years of experience, earning $28,000.



> *"The layout of the magazine is a major part of my workload, and should be included in* FOLIO:*'s definition of production tasks. Layout is what really makes production interesting."*
>
> Production manager in the Northeast with two years of experience, earning $16,175.

Annual average bonus by title

Average anticipated amount (The number of respondents is in parentheses.)

	Production management	Production managers
Average, all respondents	$5,696 (95)	$1,966 (119)
By region:		
Northeast	$8,058 (47)	$2,155 (55)
South Atlantic	2,337 (10)	2,187 (11)
North Central	4,163 (17)	1,525 (36)
South Central	1,833 (6)	1,700 (3)
Western	3,552 (14)	2,212 (13)
By circulation:		
To 49,999	$2,642 (16)	$1,357 (42)
50,000 and over	6,314 (79)	2,299 (77)
By sex:		
Female	$3,298 (41)	$1,576 (81)
Male	7,516 (54)	2,799 (38)
By magazine:		
Business	$4,328 (38)	$1,977 (74)
Consumer	6,608 (57)	1,949 (42)

> *"The job has an inexhaustible supply of 'opportunities,' so it is never boring. There are times when no amount of compensation would be enough."*
>
> Production director in the Northeast with six years of experience, earning $38,000.

Percentage whose companies offer deferred compensation

(The number of respondents is in parentheses.)

	Production management	Production managers
Total respondents	64.2% (229)	66.9% (332)
Business magazine respondents	74.1% (108)	73.5% (200)
Consumer magazine respondents	55.0% (120)	56.5% (124)
Respondents by circulation:		
To 49,999	48.9% (45)	55.5% (110)
50,000 and over	67.9 (184)	72.5 (222)
By sex:		
Female	71.1% (128)	69.1% (97)
Male	55.0 (100)	65.8 (234)

Methodology

FOLIO: surveyed 1,194 production professionals in the magazine industry, of whom 608 responded. Five hundred sixty-five of the returned questionnaires contained enough information to be used for tabulation. The response rate to the survey was 51.9 percent.

The survey (using two mail efforts) was conducted during April, May and June of this year.

Twenty-six percent of the sample surveyed was made up of professionals who work on magazines ranked in The Folio:400. Another 30 percent was made up of consumer and business magazine employees on titles that have circulations of 100,000 or more.

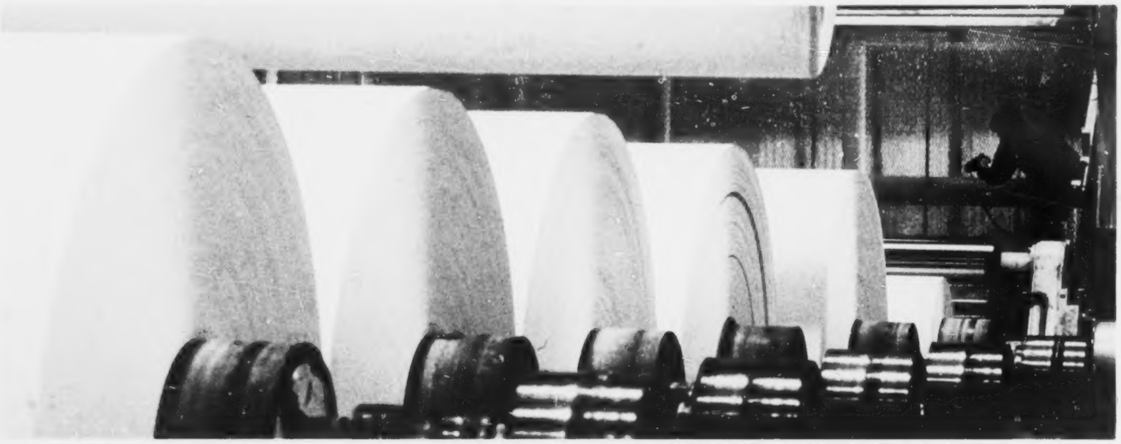
FOLIO: has broken out the salaries of Folio:400 personnel and non-Folio:400 respondents in each of the two compensation charts. With each compensation chart, FOLIO: has published a job description. These job descriptions were printed on the questionnaire. Respondents were asked to mark the description that most accurately described their duties.

CIRCULATION SALARY SURVEY

- C3935-1
11/20/86

Folio:

DECEMBER 1986 THE MAGAZINE FOR MAGAZINE MANAGEMENT $6.0



The *new* paper market

It's a buyers' market now, but do publishers understand the dynamics behind it, and will they recognize the signs of change in time to prepare for shortages? **112**

Publishers vie for college crowd

The elusive college student is the focus of two launches, *Panache* and *Campus USA*. Why the interest? Twelve million students spending $30 million annually. **73**

PANACHE
Campus USA

Small titles to profit from commingling

Developed for *Newsweek*, Judd Inc.'s Demomailer will soon commingle small magazines, providing them with big-league postal discounts. **17**

Target accounts: How to manage them

By focusing your salespeople's attention on target accounts, you can greatly increase ad revenue. Here are seven tools and an 11-step program to help you. **141**

THE PUBLISHING HALL OF FAME

Industry honors 10 publishing greats

Eight hundred attended a gala dinner to honor the Publishing Hall of Fame's latest inductees. Among the chosen: Andrew Heiskell, Albert Cole, Harold Ross, G. D. Crain Jr. and George Delacorte. **35**

December 1986

Michael Belluomo catches the new wave of fashion magazines 61

Sportswear International's editor/associate publisher describes how he spun off a consumer counterpart, *In Fashion*, straight into a crowded market. The title faces its second year—with plans to go monthly by mid 1987.

FOLIO:'s circulation salary survey 120

The complete run-down on the pay scale for circulation directors and managers for 1986, including salaries by region, type of publication, circulation, staff size and more.

All-or-nothing libel insurance out 17

Although premiums have skyrocketed, publishers must be prepared to share certain costs with insurers if they hope to get libel coverage at all. What terms are negotiable?

Publishers cut the fat 21

The tight advertising environment is forcing publishers to trim operations and run at peak efficiency. Leading executives discuss strategies for staying up in down times.

The FOLIO:Show, Face to Face 35

Prepping for rate negotiating, desk-top publishing and ancillary products are among topics in this section devoted to FOLIO:Show coverage.

Editor as photographer: Part 3 132

The dozens of variables you must keep in mind when making the shot—dealing with technicalities and content—are explained in this last article in the series.

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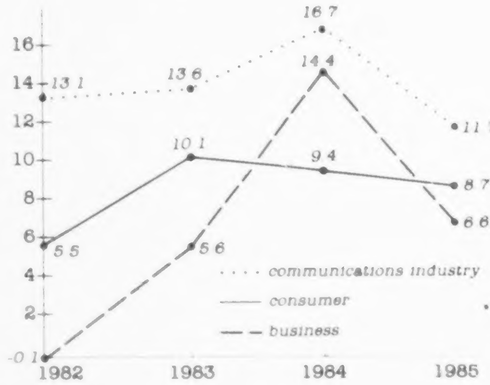
BRIEFINGS

Magazines' revenue, income growth trail industry, says V, S & A report

Revenue growth for both consumer and business magazines lagged behind that of the overall communications industry in 1985, according to advance figures from Veronis, Suhler & Associates' annual *Communications Industry Report*. Consumer magazines' revenue grew by 8.7% last year, business magazines' by 6.6%—compared to 11.7% for the industry. The report tracks only publicly owned companies, including those in newspaper publishing, television, radio and advertising. Magazines have also failed to keep apace of the industry's five-year compound annual revenue growth rate. The communications industry posted a 13.7% annual rate; consumer titles grew at an 8.4% rate. Business magazines' performance was even less competitive: This sector grew at a rate of 6.5% per year. In 1985, a period marked by difficult economic conditions, pretax operating income fell for both magazine groups—down 7.9% for the consumer firms tracked and 9.1% for business publishers. Operating income for the industry was up by 12.7%.

Revenue growth comparison



Source V. S & A *Communications Industry Report* 1986 ed

Kissinger brings $10-million suit against *Penthouse*

Dr. Henry Kissinger is seeking $10 million in punitive damages from *Penthouse* for running an interview that he says he never granted. The former secretary of state is featured in the magazine's December issue in a question-and-answer article prepared by Russell Warren Howe, a political writer. Kissinger's attorney says that although Howe did speak with Kissinger, he did not identify himself as a journalist. In addition, Howe allegedly told Kissinger that the discussion was for background use—not for publication. The author, however, claims that he told Kissinger the interview *was* for publication as part of a book on statesmanship. Howe sold the serial rights to the still unpublished book to *Penthouse*. The magazine inadvertently erred by not mentioning in the article's introduction that the piece was part of an upcoming book on politics, explains Leslie Jay, a *Penthouse* spokesperson. Kissinger initially sought to legally ban distribution of the December issue, but was defeated: The issue had already hit the newsstand. "My reputation as a serious commentator on important public matters will be injured with my being connected to a magazine such as *Penthouse*," he recently told *The Washington Post*.

Pressures to restrict FoIA access should subside

A tradeoff agreement on two Freedom of Information Act amendments recently passed by Congress should help put an end to attempts to weaken access to governmental public information, says Peter Prichard, chairman of the Society of Professional Journalists' Freedom of Information Committee. One amendment gives such agencies as the Justice Department and the FBI the right to neither confirm nor deny the existence of records if such statements would endanger national security or ongoing investigations into organized crime. "It's a narrow exemption that will not significantly affect the release of information," says Prichard.
In return, journalists won a general fee waiver limiting request fees to just copying costs. Expenses such as search fees have sometimes inhibited requests from some small media companies, and certain agencies have apparently used fee disputes as a convenient way to postpone releasing information. Delays remain the greatest glitch in the FoIA. A separate bill, the Business Procedures Amendment, passed the House but died in a Senate committee.
It would have required agencies to notify businesses that have supplied confidential information to the government when FoIA requests to access that data are made.

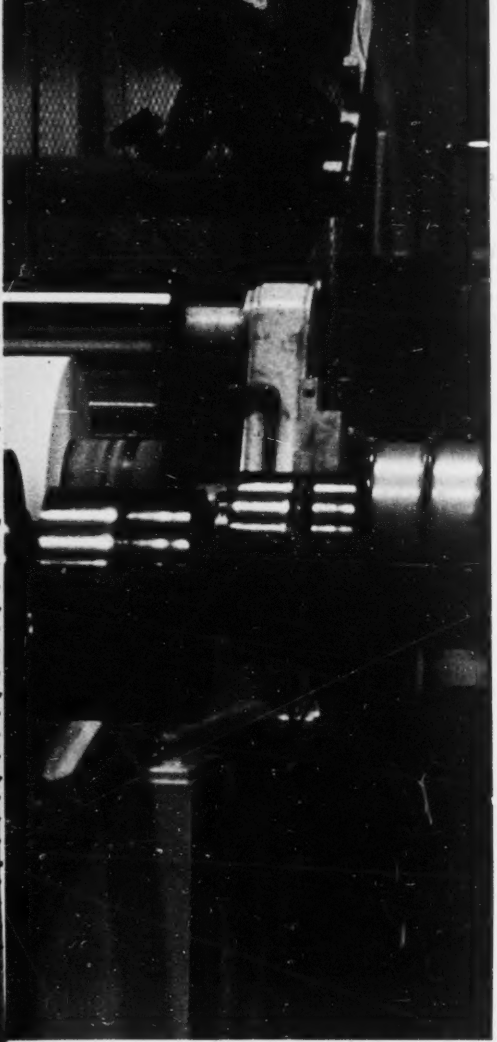


PHOTO OF CHAMPION INTERNATIONAL PAPER MILL BY TOM HOLLYMAN

The *new* paper market

Publishers are enjoying the buyers' market in paper today. But do they understand the dynamics behind it, and can they recognize the signs of change?

BY IRVING HERSCHBEIN

To illustrate just how soft the paper market has become and how competitive the mills are as a result, I will relate a brief, true story.

I was recently approached by someone at one of the mills who told me that they had a certain amount of tonnage, which they were calling start-up tonnage. This paper, which was 40-lb. offset, was offered to me at a price well below the list price in the market. In itself, that wasn't too surprising, since we all know that that is the way the mills are going to have to go to get into the marketplace—that is, by giving some inducement.

What was surprising was that about three days later I received a call from a paper merchant who, in the course of a general conversation, eventually got around to offering me some paper. He never identified the mill, but as we continued to talk, it became obvious that it was the same manufacturer who had just offered me the "start-up" paper. But the paper merchant was offering me the paper for *less* than the mill was.

Later I had a chance to talk with someone at the mill who said, when I related this incident, that you can't control what the merchants do—they do whatever they want. They may want to sell the paper, make less of a profit, and you just can't argue with them.

***It's been a traumatic** 15 months for manufacturers of publication grade paper.*

In other words, we are all in a definitely biased market.

The past 15 months—beginning with the last quarter of 1985 and extending through all of 1986—have been traumatic for manufacturers of publication grade paper, and something of a mixed blessing for their customers—primarily publishers. What we've witnessed is a paper glut that can be compared to the situation confronting OPEC. There's more oil and more paper on the market than can possibly be used. The result is the same for both commodities: a forced decrease in the cost to the consumer.

A mixed blessing

To call this a mixed blessing for the consumer may seem peculiar at first. However, the lessened demand from publishers indicates that their business has also declined. And the publishers' loss, in this case, is a loss for the paper manufacturers as well. Both the buyer and the seller would probably be much happier with a more balanced supply: demand equation. It appears, however, that for the near-term the situation will continue as is. If anything, it may become even more difficult for the paper maker.

Magazines have seen advertising

pages decline from the peak of 1984. 1985 and 1986 will probably show almost identical page levels, but these are down from the record year of 1984. The total ad spending picture for the nation's 100 largest advertisers has not been very good. The *Advertising Age* issue that featured 100 leading national advertisers says, "The top 100 eke out a 2.7 percent ad increase. The leading national advertisers spent $26.67 billion in 1985, up from a restated $25.97 billion in 1984." Now that's minuscule. And remember, part of that increase is eaten up by rate increases. So you can see that 1985 was flat over 1984—and in real dollars, was probably down. Heaven only knows what it will look like in 1986.

The point is, all this affects advertising pages, and of course that in turn affects paper use. Although the ratios differ from magazine to magazine and from publisher to publisher, a good general rule is that ad pages and editorial pages are in a ratio of approximately one to one. The loss of eight pages of advertising would also mean a reduction of eight pages of editorial and the elimination of one 16-page press form.

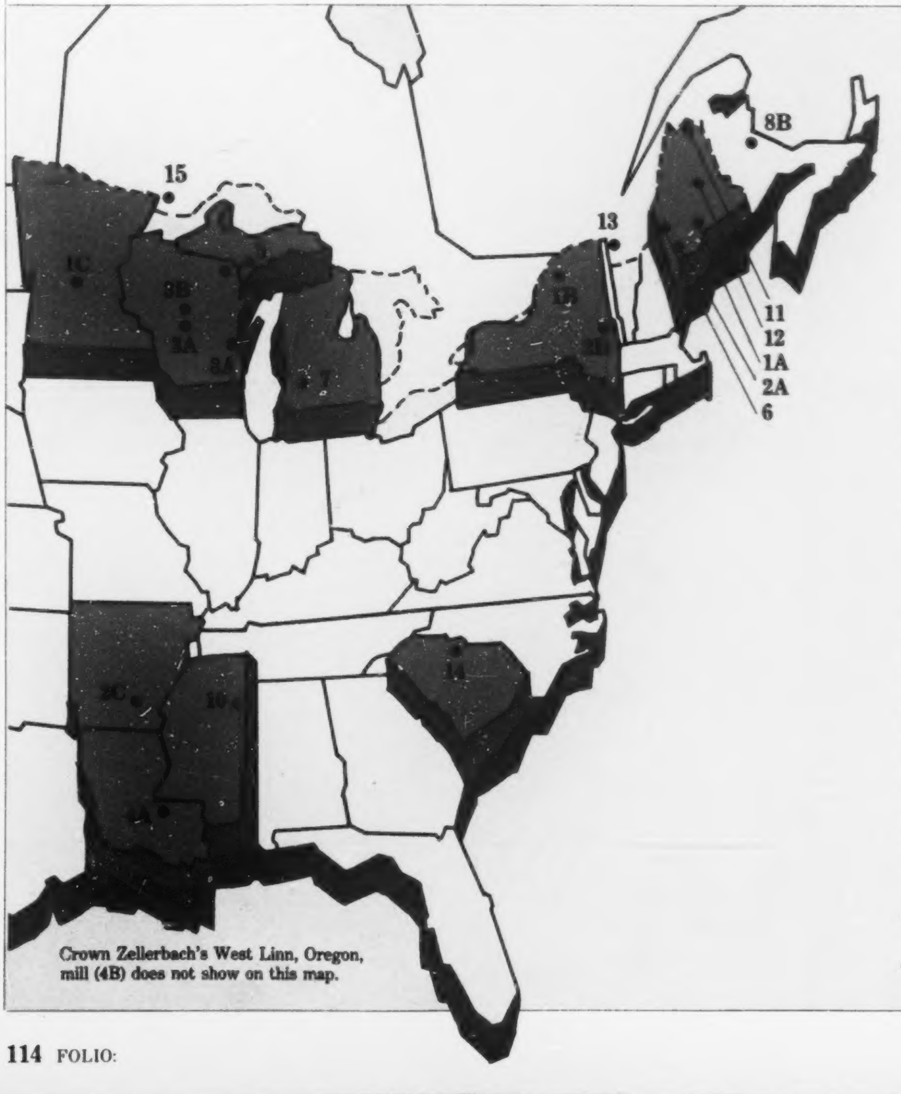
This loss is compounded by the softness in circulation that the publishing industry in general has been experiencing in the newsstand area. Also, it is becoming more and more difficult to get subs. Whether this is a passing phenomenon or not I can't say—and I don't know that anyone else can. But one of the things that has happened is that a number of major magazines have announced cutbacks in their rate bases. I know *TV Guide* and *Reader's Digest* have, and I think some of the women's service books have gone to a flexible rate base (that is, the rate base changes from certain issues).

So what does this mean? Clearly, when you start subtracting millions of copies of magazines, you are subtracting an awful lot of paper. I'm not sure anyone is paying much attention to this factor in the market.

Fewer pages for more equipment

The publishers' loss of ad pages and circulation and the corresponding reduction in the tonnage of paper used come about just as the paper-making industry is attaining new heights in production capability on existing equipment, and is facing the introduction of new capacity for 1987 and 1988.

Coated groundwood paper production and availability in North America



Crown Zellerbach's West Linn, Oregon, mill (4B) does not show on this map.

1985 rank by tons available	Company
1	Champion
2	International
3	Consolidated
4	Crown Zellerbach
5	Mead
6	Boise Cascade
7	Blandin
8	Repap (Midtec Sales)
9	Niagara
10	Weyerhaeuser
11	Fraser
12	Great Northern
13	Krueger
14	Bowater
15	Provincial

[c] Labor contract up for renewal. Strikes could change production figure.

† Labor contract not up for renewal until 1989.

The paper business is, I think, a cyclical business—peaks and valleys. First it's a buyers' market, then it's a sellers' market. And this has an effect on how paper manufacturers think about their equipment—existing and planned.

What happens is that it takes about three years from the time you plan and get financing to the time when you get a machine running. For example, there are four paper-making machines coming in this year (actually five—one of them is in a grade of paper that's at a higher level). But all of them were planned several years ago when we were in the midst of a crunch, in a sellers' market. Now that the machines are finally producing paper, the market has reversed and it's become a buyers' market.

> "The paper business is cyclical—peaks and valleys. First it's a buyers' market, then a sellers'. And this has an effect on how paper manufacturers think about their equipment, existing and planned."

[redacted]

I would guess that perhaps around 1989 or 1990 the market will tighten up again and several people will start new machines working. They'll come in around 1992, 1993—and bingo! It'll be another soft market.

But what about right now? How are publishers and paper makers viewing the next two years?

At best, most publishers look forward to 1986 and 1987 being roughly comparable to 1985. Because 1985 was down from the record year of 1984, they're facing a "no-growth" era. The American Paper Institute, in contrast, showed an increase of 224,000 tons of coated printing paper in 1986 over 1985, a further increase of 517,000 tons in 1987 over 1986, and an additional 333,000 tons coming in in 1988. Given the conditions I have just described, it appears unlikely that this great increase will be absorbed very quickly by magazine publishers.

To see what will happen between now and the end of this decade, which is approaching very rapidly, it might be wise to look at changes that are taking place in publishing, advertising and printing.

Change in advertiser strategy

Those concerned with marketing in the publishing field have recently begun to focus on three areas that appear to affect magazine advertising.

1. *The increased use of discount coupons or manufacturer's rebates*: No one who has visited a department store or a supermarket in recent years can fail to have noticed the ever-increasing use of coupons and manufacturer rebate tags. These come in various forms. Some are as basic as the coupon that gives you cents off the list price; others ask the consumer to return a proof of purchase symbol from the package to the manufacturer for an additional rebate and coupons that are distributed in booklets or even by machine at point-of-sale.

What many people do not realize is that these discounts come from the advertising budget. As an example, if the XYZ Widget Company appropriates $50 million for the advertising director and he elects to use discounts or rebates to the amount of $10 million, that $10 million comes from his advertising budget. Therefore, there is that much less to spend for advertising pages in magazines.

2. *Promotions—tie-ins between the manufacturer and large department store chains or individual stores*: In promotion or "deals" between manufacturer and stores, the same rule

		Coated groundwood capacity				
		(000 short tons)				
Mill location(s)	**Present basis weight range**	**1985**	**1986**	**1987**	**1988**	**1988 rank**
A. Buckport, ME B. Deferiet, NY C. Sartell, MN	30-70	650	660^c	660^c	680	1
A. Jay, ME B. Corinth, NY C. Pine Bluff, AR	32-70	435	460^c	585^c	635	2
A. Biron, WI B. Wisconsin River, WI	32-60	420	450	603^c	623	3
A. St. Francisville, LA† B. West Linn, OR†	34-70	304	305	320^c	348	5
Escanaba, MI†	45-80	300	300	320	330	6
Rumford, ME	34-70	280*	280*^{c}	280*	280*	9
Grand Rapids, MN	32-60	275	275^c	275	300	7
A. Midtec-Kimberly, WI	34-70	220	225	225^c	225	4
B. Miramichi-Newcastle, N.B.	30-45	0	60	170^c	220	
		220	285	395	445	
Niagara, WI	40-70	185	205	205^c	210	10
Columbus, MS**	34-50	175	180	185	185	11
Madawaska, ME	32-45	165	165	145^c	155	12
Millinocket, ME	34-50	165	135	135^c	135	13
Trois Rivieres, Que.	34-45	130	130	130	130^c	14
Catawba, SC†	36-55	125	191	284	298	8
Thunder Bay, Ont.	38-55	100	110	110	110	15
*** **Total U.S.**		3,907	4,116	4,385	4,534	

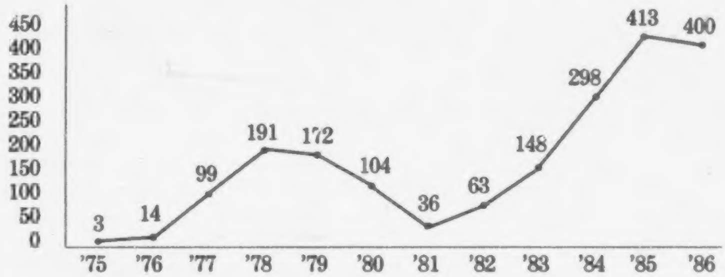
*Boise Cascade figures are estimates taken from FOLIO: 1985. Because of the strike, the Rumford mill produced no 34-lb. coated groundwood paper No. 5 for September 1986.

**Nonunion mill.

***Totals for United States only; from American Paper Institute.

Coated paper imports are expected to remain high

Imports (includes Canada)
Coated groundwood No. 5 and some No. 4
(000 tons)



Source: RISI Pulp & Paper Service estimates.

Imports of coated groundwood paper (mostly No. 5) increased dramatically in the 1980s, primarily because of the strength of the U.S. dollar. Imports leveled off only slightly in 1986. At the same time, Canadian imports have risen in 1986, largely because of the new machine at Repap's Miramichi mill.

John Maine, vice president of Resource Information Systems Pulp & Paper Service (formerly a division of McGraw-Hill's DRI economic consulting firm), tracks data from the European trade associations. These associations estimate that 90 percent of all paper tonnage imported to the United States is coated groundwood coming from Finland (65,000 tons in 1985), West Germany (116,000 tons in 1985) and Italy (95,000 tons in 1985). Tonnage from all other countries combined amounts to about 146,000 tons, according to these sources.

Although Americans may prefer the flexible lead time and better service provided by U.S. paper manufacturers, European suppliers are making changes to be more competitive. With an abundance of paper they cannot sell at home, European paper manufacturers are stocking inventories with American paper merchants to provide more flexible lead time and better service in the United States.

Offset paper dominates

	1985	1986	1987
Offset	73.7%	73.0%	73.3%
Gravure	26.3%	27.0%	26.7%
Total	100.0%	100.0%	100.0%

Publishers responding to the MPA paper survey revealed the following tonnage used for separate printing processes. Offset was used with approximately 74 percent of total tonnage in 1985 and is expected to remain in this range in 1986 and 1987; gravure accounts for 26 percent to 28 percent for the 1985-87 period. Statistically insignificant use of letterpress was reported in 1985 and 1986, with no use projected for 1987.

applies. The store and the manufacturer agree to an elaborate promotion with discounted prices for the merchandise to spur a quick, high-volume purchasing period. In this way, a great deal of merchandise can be moved at slightly less profit very quickly.

The disadvantage, according to advertising agencies and marketing experts, is that this is a short-term gain and does not build an image for the product or future sales. Furthermore, while this technique is being used, the number of dollars available for pages in magazines is again reduced.

3. *Increased use of retail store catalogs and/or magazines.* For many years, retail stores put out catalogs only a few times a year. Usually this was at Christmas time or for some other major holiday, because it was felt that the catalogs cut down on store traffic and, therefore, on sales. Studies indicate that the reverse is true—that the catalogs tend to remind the reader of other products and excite his interest in visiting the store.

Now the major department store chains use catalogs heavily. In many instances the stores tie in with advertisers who defray part of the cost of the catalog; in a few instances—Neiman-Marcus, for example—the catalog has evolved into a magazine format, directly competing with magazines for the advertising dollar.

> "These discounts come from the ad budget. If XYZ Widget appropriates $50 million for its ad director and he uses $10 million for rebates or discounts, there's that much less to spend on magazine ad pages."

[redacted]

Catalogs usually use a better grade of paper (coated No. 4), so when ads move over to catalogs, demand for coated No. 5 is affected once again.

Two major printers have recognized this change to increased catalog advertising and responded. Meredith Burda has a new rotogravure plant building just south of Phoenix, Arizona, and R. R. Donnelley has a large installation building in Nevada. Both are designed to produce catalogs for the California and Western markets.

When trim size changed

Having reviewed the oversupply on the part of the paper manufacturer and the lessened demand on the part of the publisher, let's turn to still another factor affecting the paper marketplace: the short cut-off magazine.

Many magazine publishers have, in recent years, looked to the reduction of their publications' print sizes as a means of offsetting what appeared to be a continual increase in paper cost. Some years back, an 8-¼" x 11-½" magazine was considered pretty much the standard size. This has gradually been reduced to as little as 7-7/8" x 10-½". The press cut-offs were designed to deliver a 10-7/8" magazine or an 11" magazine. Now we have the advent of the short cut-off press, which delivers a 10-½" trim.

The bottom line

The width of the roll, of course, determines the side-to-side trim and can be specified. Any change in the width of the magazine goes directly to the bottom line. The printers are responding to the pressure by ordering short cut-off presses. We have at least one major printer, World Color Press, building a plant in Dyersburg, Tennessee, in which the equipment will deliver only the short-trim magazine.

Putting all this together, it would appear that for the balance of this decade, there will be a more than ample supply of coated publication grade paper. I say this in spite of the fact that there was a slight glitch in the market—a temporary shortage during July and August and part of September. This was an artificial shortage created by two factors. First, there had been a rail strike in Maine that interfered with deliveries. Orders that were for several of the mills in Maine were sidetracked into mills elsewhere in the country. Second, there was the strike at Boise, which shut them down completely.

However, Boise is back and by now mills have learned to use more trucks and whatever rail is available. The tightness was just a temporary phenomenon.

The increased capacity of domestic mills and the ever-present foreign tonnage, combined with the reduced demand on the part of publishers, indicate that we'll be in the 1990s before we again experience a tight supply situation. But this is not necessarily a boon for all publishers.

Keep in mind that in 1983 and 1984 when the market tightened in the United States, our European colleagues brought hundreds of thousands of tons

Paper usage up only slightly

(tonnage)

	1985 actual	1986 projected	% change vs. 1985	1987 projected	% change vs. 1986
Coated groundwood	1,122,110	1,164,765	+3.8	1,215,304	+4.3
Coated free	172,180	164,440	-4.5	178,347	+8.5
Uncoated groundwood	217,673	214,825	-1.3	208,625	-2.9
Uncoated free	23,803	23,884	+0.3	25,097	+5.1
Imports	55,035	56,287	+2.3	57,582	+2.3
Total tonnage	1,590,801	1,624,201	+2.1	1,684,955	+3.7

The 98 publishers responding to this year's MPA paper survey expect to increase their 1986 paper use by 2.1 percent over 1985's 1,591,000 tons. In 1987, use is expected to increase 3.7 percent. Expected 1986 use will be over 1,624,000 tons, with 1,685,000 tons forecast for 1987.

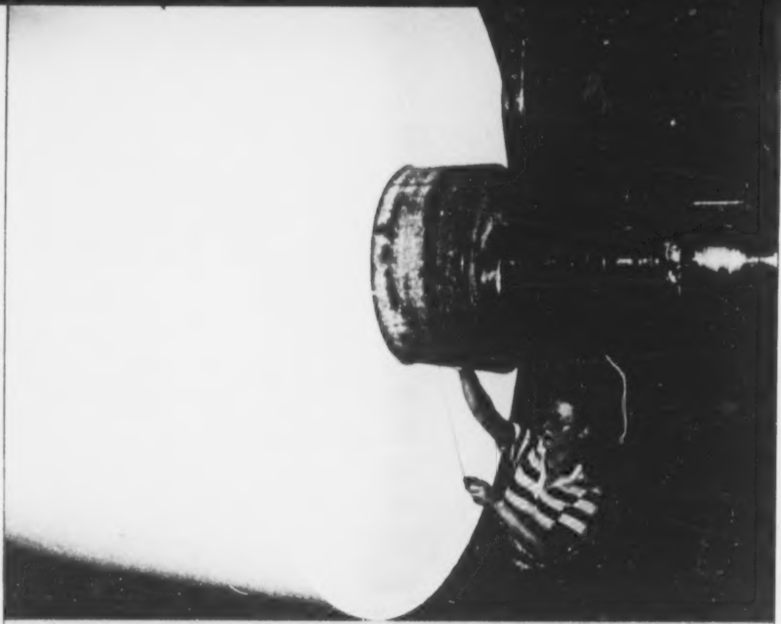
Ad page stagnation contributing to soft market

	1984	1985	% change	
			–	+
Jan.	9,366.68	9,260.54	1.1	
Feb.	11,691.72	11,851.78		1.4
Mar.	13,305.10	13,417.91		0.8
Apr.	14,431.06	14,185.56	1.7	
May	14,401.89	13,305.63	7.6	
June	12,366.34	12,321.79	0.4	
July	10,550.01	9,467.69	10.3	
Aug.	10,872.93	10,072.26	7.4	
Sept.	14,430.75	14,516.93		0.6
Oct.	16,034.67	14,675.87	8.5	
Nov.	16,272.74	15,634.73	3.9	
Dec.	14,072.91	13,697.02	2.7	

	1985	1986	% change	
			–	+
Jan.	9,467.89	9,595.23		1.3
Feb.	11,954.25	11,851.75	0.8	
Mar.	13,619.03	13,732.93		0.8
Apr.	14,426.97	13,541.14	6.1	
May	13,523.05	13,681.73		1.2
June	12,446.64	12,699.60	2.0	
July	9,633.67	8,835.27	8.3	
Aug.	10,126.78	9,688.09	4.3	

Source: Members of Publishers Information Bureau.

Over the last two years, ad pages have remained relatively flat, even though ad revenues have continued to rise. The flatness in pages has kept demand for paper down. Some people attribute this flatness in ad pages to the economy, others to an increased inclination among advertisers to spend more money on promotions or discounts instead of on advertising pages. Whatever the reason, it should be remembered that when ad pages are down or level, the effect on paper use is compounded by a corresponding decrease in editorial pages, as many magazines maintain close to 50:50 ad:edit ratios.



Many publishers are running "on demand," since mills will ship paper fast.

COURTESY OF CHAMPION INTERNATIONAL CORP.

Basis weights used by magazines

A. Basis weights—percentage of total use

	1985	1986	1987
32 & below lbs.	3.6%	3.4%	3.7%
34 lbs.	28.6%	30.6%	30.7%
36 lbs.	14.9%	14.5%	14.1%
38 lbs.	4.8%	4.3%	4.6%
40 lbs.	25.6%	25.9%	26.1%
45 lbs.	5.2%	5.1%	5.0%
50 lbs.	5.6%	5.5%	5.3%
60+ lbs.	11.7%	10.7%	10.5%
Total	100.0%	100.0%	100.0%

B. Basis weights—percentage of magazine publishers' using

	1985	1986	1987
32 & below lbs.	13%	12%	13%
34 lbs.	23%	24%	25%
36 lbs.	30%	30%	25%
38 lbs.	20%	21%	21%
40 lbs.	57%	54%	51%
45 lbs.	40%	38%	37%
50 lbs.	43%	39%	39%
60+ over lbs.	90%	91%	91%

A small shift in basis weights is expected in the 1985-1987 period, the MPA survey showed: 34-lb.-and-below paper is expected to continue to account for about 32 percent to 34 percent of total use; 36-lb. paper is expected to account for 14 percent; use of 38-lb. paper is at 4 percent to 5 percent; 40-lb. paper is at 25 percent to 26 percent; 45-lb. paper is at 5 percent; 50-lb. paper is at 5 percent to 6 percent; while 60+ lb. paper will stay between 10 percent to 12 percent for the 1985-1987 period. The breakdown is somewhat different from basis weights used five years ago (1980). At that time, 52.9 percent of paper was between 32 lbs. and 36 lbs., as compared to 47.1 percent in that range in 1985; 37 percent of paper fell into the range of 38 lbs. to 50 lbs. in 1980, while 41.2 percent of 1985 paper was in that category, and 10.1 percent of paper was 60 lbs. or above in 1980, compared to 11.7 percent today.

of paper to our shores. This paper came from Germany, Scandinavia and, to a certain extent, from Italy. This was not unusual because we had utilized foreign coated paper during other times of paper shortage. What is different this time, however, is that the exporters are determined to stay in the American market. Before, this foreign paper was bought on a spot-order basis, but this time, there are many American publishers who have signed long-term contracts. The feeling was that the continual cyclical domestic operation made it impossible either to plan correctly or to control costs properly. As a result, many publishers cannot take full advantage of the marketplace change.

> "What this means is that many publishers cannot take full advantage of the change in the marketplace, the increased availability of reasonably priced paper."

Having described the present paper market and the corresponding positions of both the paper makers and the paper users (in this case, publishers) in that market, I want to take a minute to look at the psychological dynamics behind the changing availability of paper over the long term.

Understanding market dynamics

An interesting analogy to use is again the Arab oil situation, which I mentioned earlier. In 1973, when the Arabs choked off our supply of oil, everybody insisted on driving around with a full tank of gas—which worsened an already bad situation. In normal times, such as now, most people drive until the needle starts pointing to the E, for empty. But in 1973, everyone was lining up at the gas stations at 5 A M—with tanks still half full.

The same sort of thing happens when publishers start to sense a tightening paper market. They rush to get an inventory situation before the need becomes immediate. Right now, many publishers (and drivers) are running "on demand." In other words, publishers know that the paper mills will ship immediately—that they can get the paper they need without taking a big inventory. The question is, can these two "extremes" be leveled out?

Can changes be predicted?

As far as the last paper shortage is concerned, nobody sensed it coming—and to this day nobody has given me a logical explanation. All I know is that around May, June, July of 1983, the market went from a surplus to a shortage. During that time I was asked to attend a meeting at a paper company. The company's economists were to explain what was then happening in the marketplace, which was getting very tight. During a break I had coffee with a somewhat embittered vice president of sales. His comment to me: "Remember, these are the same people who two months ago told us to shut the mill down for five days because we were overproducing in a slack market. Now we can't produce paper fast enough."

Nobody sensed that change. Nobody knows what happened. I've had all kinds of experts tell me that going back and looking at records should have revealed a trend. But nobody saw it. Nobody predicted the shortage. Still, I do have one suggestion.

Clues to change

It would seem to me that one way to predict changes would be for publishers to watch ad pages—note if they are building nicely over the preceding year. If you see that for, say, one quarter, two quarters or three quarters an increase in ad pages over the previous year is occurring—and at the same time newsstand sales are picking up—you would have a clue that something is happening, that people are spending money and that more paper is being used. That should tell you something. It should give you a hint as to how to proceed.

In summary, then, publishers can look to a readily available supply of No. 5 coated paper at stable prices for several years to come. 1987 and 1988 will be almost normal; publishers will be able to get all the paper they want.

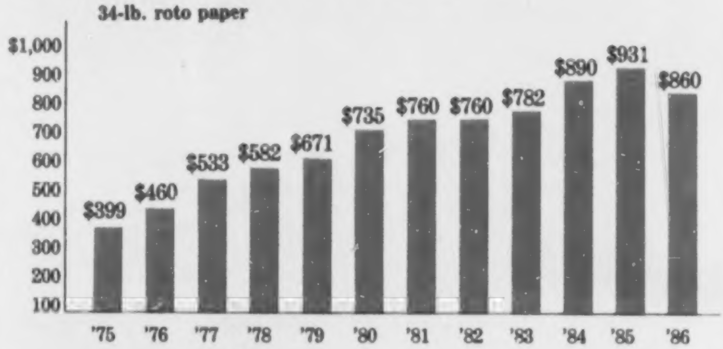
The mills will be faced with the problem of finding additional markets for their output and with holding on to their current contracts in a very competitive situation. They will be hoping for just enough pickup in business to stabilize prices, rather than another down push on pricing.

What everyone wonders, though, is whether we'll have another one of those seemingly overnight transitions that the paper industry has experienced before: a sudden shortage; near panic; allocations and rising prices.

Now, if you were a betting person, how would you bet?☐

Irving Herschbein is director of manufacturing and distribution of Conde Nast Publications, Inc. He is a past chairman of the Magazine Publishers Association Production Committee, a member of the Graphic Arts Technical Foundation's Liaison Committee, and of the Customer Relations Committee of both the Gravure Technical Association and the American Photoplatemakers Association. Research assistance for this article was provided by FOLIO: *staff member Thania Hall.*

Price drops as result of soft paper market



Source: *Pulp & Paper Week.*
Year-end figures, except for 1986, which shows end of third quarter.

After rising steadily for 10 years (from 1975 to 1985), the price of paper started to drop in 1986. Prices were cut in February 1986 to 1984 levels, and mills were trying to hold the line against further discounting going into the spring. Prices shown here are for 34-lb. roto paper. Offset prices average about $10 per ton higher. The September 1986 prices for 34-lb. roto ($860) and 40-lb. offset ($774) published by *Pulp & Paper Week* were accompanied by a note indicating most volume was being sold significantly below list price.

Majority have 31-60 day inventory

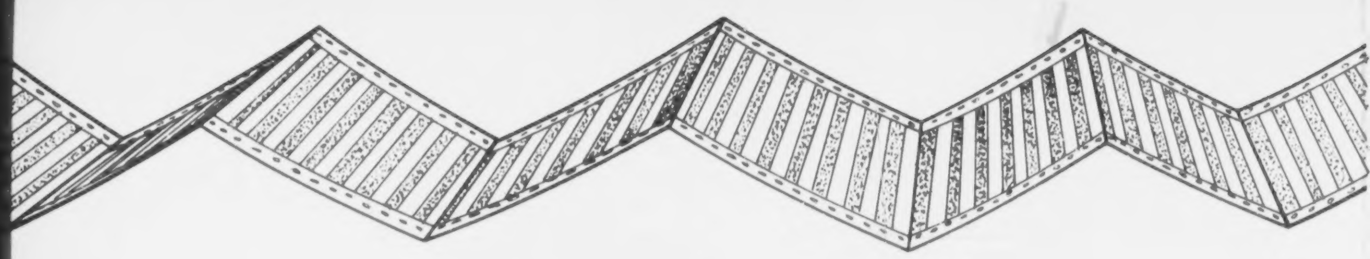
16.3% of publishers reported inventories of 1-30 days supply on hand.
52.2% of publishers reported inventories of 31-60 days supply on hand.
26.1% of publishers reported inventories of 61-90 days supply on hand.
5.4% of publishers reported inventories of 91 or over days supply on hand.

In the area of inventory, 16.3 percent of the respondents to the MPA paper survey reported paper inventories of 1 to 30 days; 52.2 percent fell into the 31- to 60-day range; 26.1 percent were in the 61- to 90-day range; and 5.4 percent had inventories of 91 days or more. Inventory has been calculated by each respondent as follows: dividing total anticipated 1986 paper consumption by 365, then dividing the closing inventory as of March 31, 1986, by the above number.

Roll sizes narrower

In 1985, 10.4 percent of the respondents to the MPA paper survey made roll changes to narrower sizes, while 2.1 percent made changes to a wider size.

In 1986, 19.8 percent of respondents planned to make roll changes to narrower sizes, while 3.1 percent planned changes to a wider size.



FOLIO:'s Circulation

The complete run-down on the pay scale for directors and managers in 1986

BY JEAN ANGELO
SENIOR ASSOCIATE EDITOR

Have you ever heard a 10-year-old say, "I want to be a circulation manager when I grow up?" Probably not. But that same child may have a keen interest in writing, art, math and computers—and therefore make a fine circulation manager some day.

The mix of duties that a circulation manager must handle can make for an intensely rewarding career, according to some respondents to FOLIO:'s second annual circulation salary survey. On any given day, the circulation director or manager is a creative writer, statistician, designer, systems analyst and gambler.

What is this mix of talents worth to publishers? Here FOLIO: reports on circulation salaries, and gives information on bonuses and deferred compensation.

Here are some findings:

- It is more lucrative for circulation personnel to work in consumer magazine publishing than in the business field. Circulation directors on consumer magazines report an average salary of $49,226—about $10,000 more than their business peers. Circulation managers on consumer titles earn about $5,000 more annually than do managers on business magazines.
- Having the responsibility of preparing an audit statement pays off. Both directors and managers earn more if they work on magazines audited by either ABC or BPA.
- The Northeast is the highest paying region. Circulation directors in the Northeast earn an average salary of $51,302. Managers in the same region receive an average $32,384.
- Business magazines are more likely to offer their circulation employees deferred compensation, pension or profit sharing plans.

Circulation directors

The average annual salary for circulation directors is $44,975. Directors on consumer magazines top that average with an annual salary of $49,226. This is 25 percent higher than the average salary going to business magazine circulation directors. They report an average of $39,367.

Forty-six percent of the circulation directors responding to FOLIO:'s salary survey work on magazines that are ranked in The Folio:400. Directors on Folio:400 magazines receive $53,483, compared to $37,741 going to directors who are not on Folio:400 ranked titles.

The Northeast is the highest paying region for circulation directors. The average salary going to directors in this region is $51,302.

The North Central region is in second place. Circulation directors there report an average salary of $41,833. The third highest paying region is the West. Directors there receive an average salary of $38,657.

Males are earning $50,463, 31 percent more than the average salary for female directors. Women directors report an average of $38,575.

Not surprisingly, salary increases with years of experience. Circulation directors with 16 to 25 years in the business earn an average salary of $57,985. Those with three years or less experience receive $33,190.

Those who supervise 20 or more employees earn twice as much as those who supervise only one person. Those supervising 20 or more have an average salary of $60,638, compared to $30,094 going to those who oversee only one employee.

Circulation directors working on paid circulation magazines earn $47,268, compared to $38,697 going to

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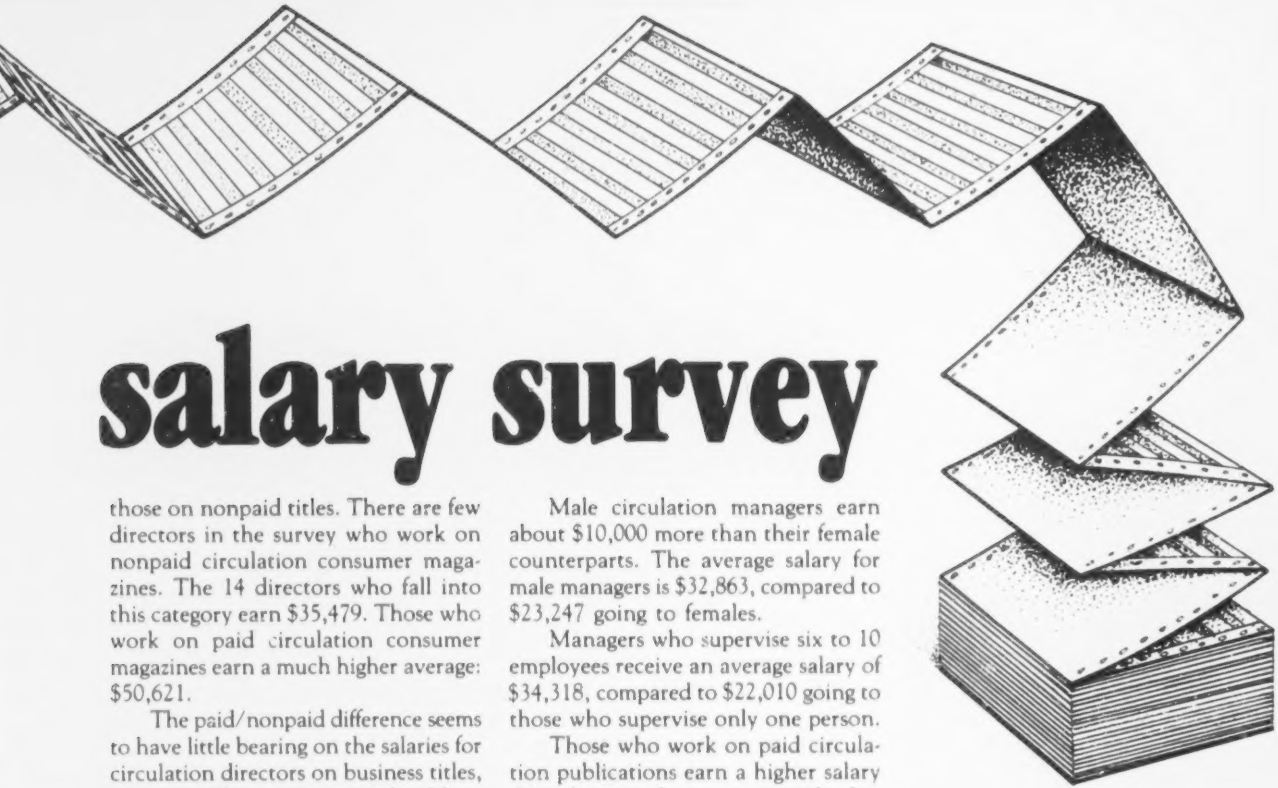
ILLUSTRATIONS BY EARL KELENY



salary survey

those on nonpaid titles. There are few directors in the survey who work on nonpaid circulation consumer magazines. The 14 directors who fall into this category earn $35,479. Those who work on paid circulation consumer magazines earn a much higher average: $50,621.

The paid/nonpaid difference seems to have little bearing on the salaries for circulation directors on business titles, however. Those on nonpaid publications actually report a slightly higher average salary ($39,412) than the average for those on paid titles ($38,874).

Having the responsibility of preparing an audit statement pays off for circulation directors. Those who work on ABC audited magazines earn $50,124. Those on BPA audited magazines get $41,006. Directors on magazines that are not audited by either ABC or BPA report a lower average of $33,409.

Circulation managers

The average salary for a circulation manager is $25,954. Circulation managers on consumer magazines report an average annual salary of $28,791, compared to the lower average of $23,699 going to managers on business publications.

Thirty-seven percent of the circulation managers responding to FOLIO:'s survey work on magazines ranked in The Folio:400. The average salary for these managers is $31,945. This is 42 percent higher than the average going to those on non-Folio:400 titles, which is $22,430.

Circulation managers in the Northeast region earn the highest average salary: $32,384. The second highest paying region is the West, with an average of $24,293.

Male circulation managers earn about $10,000 more than their female counterparts. The average salary for male managers is $32,863, compared to $23,247 going to females.

Managers who supervise six to 10 employees receive an average salary of $34,318, compared to $22,010 going to those who supervise only one person.

Those who work on paid circulation publications earn a higher salary than those working on nonpaid titles. Managers on paid titles receive $28,088, compared with $23,140 going to those working on nonpaid circulation magazines.

There are few circulation managers in the survey working on nonpaid circulation consumer titles. The seven respondents who fall into this category report an average salary of $18,429, far less than the $30,159 going to managers on paid circulation consumer titles.

For managers on business titles the paid/nonpaid distinction seems to have little relevance in relation to salary averages. The average salary for managers on nonpaid titles edges out the average for those on paid titles. The former group earns $24,040; the latter group, $23,015.

Managers on audited publications report a higher average than those who are not on audited magazines. Those on ABC audited magazines receive $32,557. Those on BPA audited magazines report an average of $24,501. Circulation managers on titles that are not audited by either ABC or BPA receive an average of $18,615.

Bonuses

Circulation directors receive an average annual bonus of $7,100. The male directors in the survey top that with an $8,286 average bonus. Females

"I enjoy the creative aspect —implementing new systems, new promotions, etc. I don't enjoy record keeping, auditing and supervising."

Circulation manager in the Northeast, with seven years of experience, earning $30,000.

"This suits my talents. I deal with fulfillment people, artists, designers, numbers people, editors and ad sales people. I connect with all of them to focus on marketing a magazine in a field that I personally love. It is hard to draw a line between my business function and my personal interest in the subject of my magazine."

Circulation manager in the Northeast with 11 years of experience, earning $38,000.

BUSINESS REPLY MAIL
FIRST CLASS MAIL PERMIT NO CHICAGO ILLINOIS
NO POSTAGE NECESSARY IF MAILED IN THE UNITED STATES
BLOW-IN CARD

report a bonus of $5,310.

Directors on consumer magazines receive $8,648 annually, those on business titles receive $4,943.

Circulation managers receive an average bonus of $2,048. Male managers get $2,752; females, $1,654.

Consumer titles pay higher bonuses. Managers on consumer magazines receive a bonus of $2,467, compared to the $1,760 going to managers on business magazines.

Deferred compensation

Approximately 65 percent of the circulation directors and managers in FOLIO:'s survey are offered deferred compensation, pension or profit sharing plans.

In each of the two groups, more personnel on business titles than on consumer titles are offered such plans. About 68 percent of the circulation directors on business magazines are offered deferred compensation, compared with 62 percent for consumer magazines.

About 76 percent of the circulation managers on business titles can participate in deferred compensation plans, compared to 50.8 percent of the managers on consumer titles.

Using the numbers

It is important to use the salary information in this survey cautiously. In many cells there are too few respondents to allow valid conclusions about salary information. For this reason, FOLIO: is publishing the number of respondents in each cell (these numbers are shown in parentheses).

The survey is also limited in its ability to compare responses. FOLIO: can compare only one variable at a time. For example, circulation directors in the Northeast earn more than directors in other regions, but are these directors working on larger circulation magazines? Are they the ones with more years in the business? FOLIO: cannot answer these questions.

Varied reactions

Many of the respondents to FOLIO:'s circulation salary survey enjoy their duties. But others complain that circulation tasks become too routine. Here is a sampling:

"Circulation is a microcosm of magazine publishing. On any given day I can work in any area: writing, sales, accounting or production. It is never boring. It is a details job, but if you get too hung up on details, you can't do a very good job," says a circulation director in the Northeast with 12 years of experience, earning $55,000.

"I really enjoy the direct marketing and the strategic planning, but I feel the work becomes repetitive and therefore boring. I also feel that I execute more than I plan," comments a circulation manager with seven years of experience who earns $44,000.

"Originally I had editorial ambitions, but having worked on the circulation side, I have come to believe that circulation work also involves creative writing and a high degree of creativity and discipline. I think it is one of the better kept secrets in magazine publishing," says a manager just beginning a circulation career.

"I'm still doing battle to improve the image and standing of circulation, which is much tougher in business-to-business than in consumer publishing. But I've seen some progress in recent years. I'd rather be working in circulation than anywhere else."

Circulation director in the Northeast with 12 years of experience, earning $55,000.

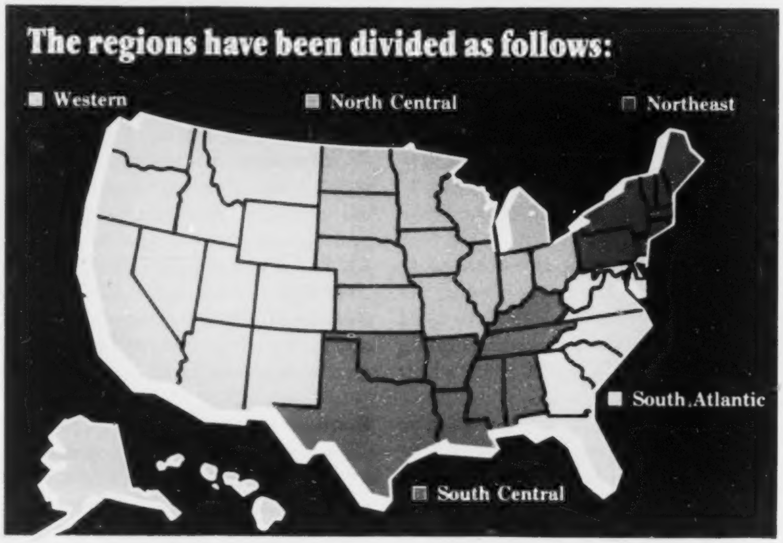
"It is especially helpful to have an in-house computer for fulfillment. It has cut out many headaches created by an outside service bureau."

Circulation director in the West, with 15 years of experience, earning $36,000.

"My job is diversified. The new challenges prevent boredom. I have good working companions and a very knowledgeable boss."

Circulation director in the Northeast with three years of experience, earning $31,000.

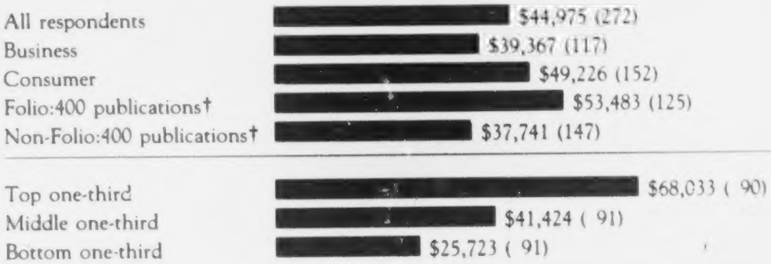
The regions have been divided as follows:



Circulation directors

Circulation director, or top circulation title: Plans, directs and coordinates circulation marketing efforts. Responsible for budgeting, and analyses of single copy and subscription programs, list rentals, data base planning and maintenance. Department head in both single and multi-title companies.

Average salaries (The number of respondents is in parentheses.)



	Average	Average business	Average consumer
By region:			
Northeast	$51,302 (126)	$43,268 (51)	$56,857 (74)
South Atlantic	37,370 (23)	40,827 (11)	35,402 (11)
North Central	41,833 (61)	36,657 (35)	47,794 (25)
South Central	37,797 (15)	27,125 (4)	41,678 (11)
Western	38,657 (44)	34,919 (16)	40,793 (28)
By sex:			
Female	$38,575 (124)	$34,626 (61)	$42,743 (62)
Male	50,463 (147)	44,759 (55)	53,692 (90)
By years in the business:			
Up to 3 years	$33,190 (51)	$32,269 (29)	$34,405 (22)
4-10	43,129 (129)	38,077 (51)	46,761 (77)
11-15	47,663 (40)	44,890 (12)	48,809 (27)
16-25	57,985 (34)	46,794 (17)	69,176 (17)
Over 25	61,056 (18)	49,250 (8)	70,111 (9)
By no. of employees under respondent's supervision:			
None	$32,165 (19)	$22,843 (7)	$37,603 (12)
One	30,094 (27)	27,275 (10)	31,753 (17)
2-5	39,144 (118)	36,154 (56)	42,056 (60)
6-10	53,659 (41)	45,406 (16)	58,940 (25)
11-20	58,302 (37)	47,932 (12)	63,280 (25)
Over 20	60,638 (29)	52,938 (16)	69,792 (12)
Responsible for:			
One magazine	$40,217 (113)	$31,323 (33)	$43,712 (77)
More than one magazine	48,357 (159)	42,527 (84)	54,887 (75)
By circulation:†			
To 19,999	$21,315 (13)	$20,910 (10)	$22,667 (3)
20,000 to 49,999	32,835 (40)	32,808 (25)	32,880 (15)
50,000 to 99,999	38,828 (49)	41,355 (28)	35,458 (21)
100,000 to 499,999	45,591 (105)	45,719 (51)	45,932 (53)
500,000 and over	60,736 (60)	29,000 (3)	62,406 (57)
By type of circulation:†			
Paid	$47,268 (191)	$38,874 (52)	$50,621 (138)
Nonpaid	38,697 (77)	39,412 (63)	35,479 (14)
By magazine audit:†			
ABC	$50,124 (147)	$39,077 (33)	$53,608 (113)
BPA	41,006 (66)	40,842 (61)	43,000 (5)
Neither	33,409 (47)	30,393 (14)	34,688 (33)

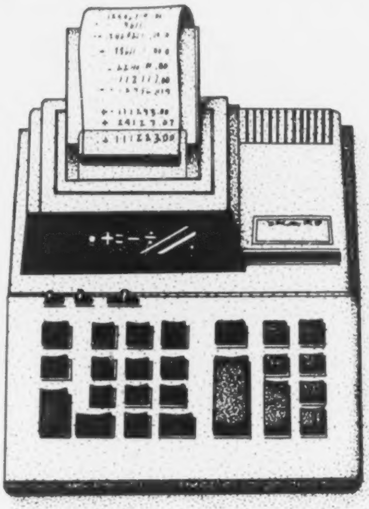
†Refers to the magazine with the largest circulation on which respondent works.

"It takes a certain kind of person to work in circulation—one who requires little or no stroking, loves detail and has the ability to work under pressure. I love it, though, and take great pride in my fine BPA statements. Circulation is really the greatest department in publishing. We are the ones with our egos in line."

Circulation director in the West with five years of experience, earning $35,000.

"It still amazes me that relatively low salaries are paid to top circulation professionals, considering responsibilities and the wide range of knowledge required. Perhaps it is our own fault. As a group we usually don't let management know that we know how good we really are. Salesmen don't seem to have that problem."

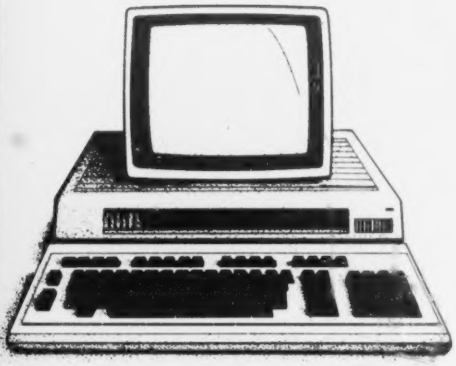
Circulation director in the Northeast, with seven years of experience, earning $57,000.



> *"The work is repetitious and tends to lead to burnout, creating carelessness and a sense of non-achievement. Considering that the use of computers requires precise and accurate info, a circulation employee is thrown into a nerve wracking position that is also a boring one."*
>
> Circulation manager in the South, with 13 years of experience, earning a salary in the midteens.

> *"Our company needs to be systemized, and all employees need a better knowledge of the magazine as a whole."*
>
> Circulation manager in the South with five years of experience, earning $24,000.

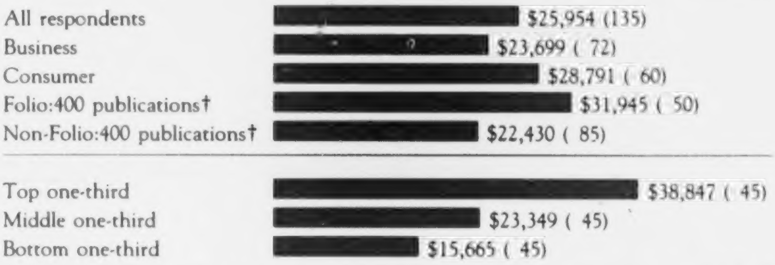
> *"This is a lot of work, but worth it every month. When I see each new issue I want to give myself a pat on the back. I just love it."*
>
> Circulation manager in the West with three years of experience, earning $18,000.



Circulation managers

Circulation manager (generally the second level of management in the circulation department): Administers circulation programs for subscription renewals and single-copy sales. Handles all facets of circulation for one or more titles. Usually a position found in multi-title companies.

Average salaries (The number of respondents is in parentheses.)



	Average	Average business	Average consumer
By region:			
Northeast	$32,384 (50)	$27,151 (26)	$38,470 (23)
South Atlantic	21,668 (14)	20,539 (9)	22,250 (4)
North Central	22,491 (39)	22,680 (23)	22,219 (16)
South Central	16,960 (10)	16,360 (5)	18,950 (4)
Western	24,293 (22)	23,567 (9)	24,796 (13)
By sex:			
Female	$23,247 (97)	$21,755 (57)	$25,617 (38)
Male	32,863 (38)	31,087 (15)	34,273 (22)
By years in the business:			
Up to 3 years	$20,459 (53)	$21,572 (25)	$19,406 (26)
4-10	26,593 (60)	22,705 (33)	31,415 (26)
11 and over	39,252 (20)	30,519 (13)	55,471 (7)
By no. of employees under respondent's supervision:			
None	$19,186 (30)	$20,103 (13)	$18,891 (16)
One	22,010 (28)	21,543 (16)	22,633 (12)
2-5	27,234 (47)	24,387 (25)	30,562 (21)
6-10	34,318 (17)	28,200 (8)	41,038 (8)
11 and over	38,850 (10)	28,786 (7)	80,000 (2)
Responsible for:			
One magazine	$23,284 (44)	$21,781 (21)	$25,232 (22)
More than one magazine	27,245 (91)	24,488 (51)	30,851 (38)
By circulation:†			
To 19,999	$18,421 (14)	$20,040 (10)	$14,375 (4)
20,000 to 49,999	19,316 (32)	20,420 (18)	17,896 (14)
50,000 to 99,999	29,872 (23)	26,537 (15)	37,071 (7)
100,000 to 499,999	27,925 (55)	25,528 (29)	31,463 (24)
500,000 and over	36,680 (10)	0 (0)	36,680 (10)
By type of circulation:†			
Paid	$28,088 (77)	$23,015 (22)	$30,159 (53)
Nonpaid	23,140 (57)	24,040 (49)	18,429 (7)
By magazine audit:†			
ABC	$32,557 (47)	$24,870 (10)	$34,635 (37)
BPA	24,501 (53)	24,695 (49)	24,000 (2)
Neither	18,615 (31)	17,910 (10)	18,950 (21)

†Refers to the magazine with the largest circulation on which respondent works.

(CONTINUED ON PAGE 130)

"Returns from a promotion are like applause to an actor. With proper data processing support, the number crunching would be palatable. Unfortunately, this is not the case on this publication."

Circulation director in the Northeast with two years of experience, earning $38,000.

"I like my job, except for the audit statements."

Circulation manager in the Northeast earning $28,500.

Annual average bonus by title

Average anticipated amount (The number of respondents is in parentheses.)

	Circulation directors	Circulation managers
Average, all respondents	$7,100 (133)	$2,048 (39)
By region:		
Northeast	$8,720 (66)	$2,544 (12)
South Atlantic	2,571 (7)	650 (2)
North Central	5,580 (35)	1,368 (14)
South Central	2,500 (7)	4,467 (3)
Western	7,667 (18)	1,938 (8)
By magazine type:		
Consumer	$8,648 (75)	$2,467 (18)
Business	4,943 (57)	1,760 (20)
By sex:		
Female	$5,310 (53)	$1,654 (25)
Male	8,286 (80)	2,752 (14)
By circulation type:†		
Paid	$7,748 (96)	$2,172 (22)
Nonpaid	5,216 (35)	1,888 (17)

†Refers to the magazine with the largest circulation on which respondent works.

Percentage whose companies offer deferred compensation

(The number of respondents is in parentheses.)

	Circulation directors	Circulation managers
Total respondents	64.8% (267)	65.7% (134)
Business magazine respondents	68.4% (114)	76.4% (72)
Consumer magazine respondents	62.0% (150)	50.8% (59)
By circulation type:†		
Paid	64.7% (187)	56.6% (76)
Nonpaid	64.5% (76)	77.2% (57)

†Refers to the magazine with the largest circulation on which respondent works.

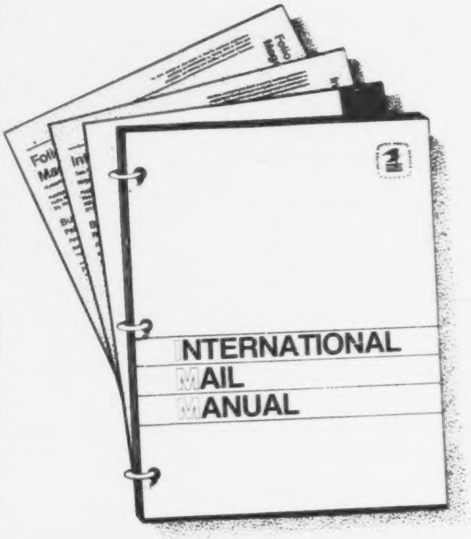
Methodology

Four hundred forty-two of the 1,094 circulation directors whom FOLIO: surveyed responded to the second annual circulation salary survey. Of the total responses, 407 contained enough information to be used for tabulation. The response rate is 42 percent. The survey was conducted in July and August of this year through two mail efforts.

Thirty-five percent of the professionals surveyed work on magazines that are ranked in The Folio:400. The Folio:400 is an annual ranking of the top revenue producing magazines. Another 35 percent of those surveyed work on magazines with circulations of 75,000 or more.

FOLIO: has broken out the salaries of Folio:400 personnel and non-Folio:400 respondents in each personnel category.

A job description has been included with each compensation chart. These descriptions were printed on the questionnaire. Respondents were asked to mark the description that most accurately listed their duties.



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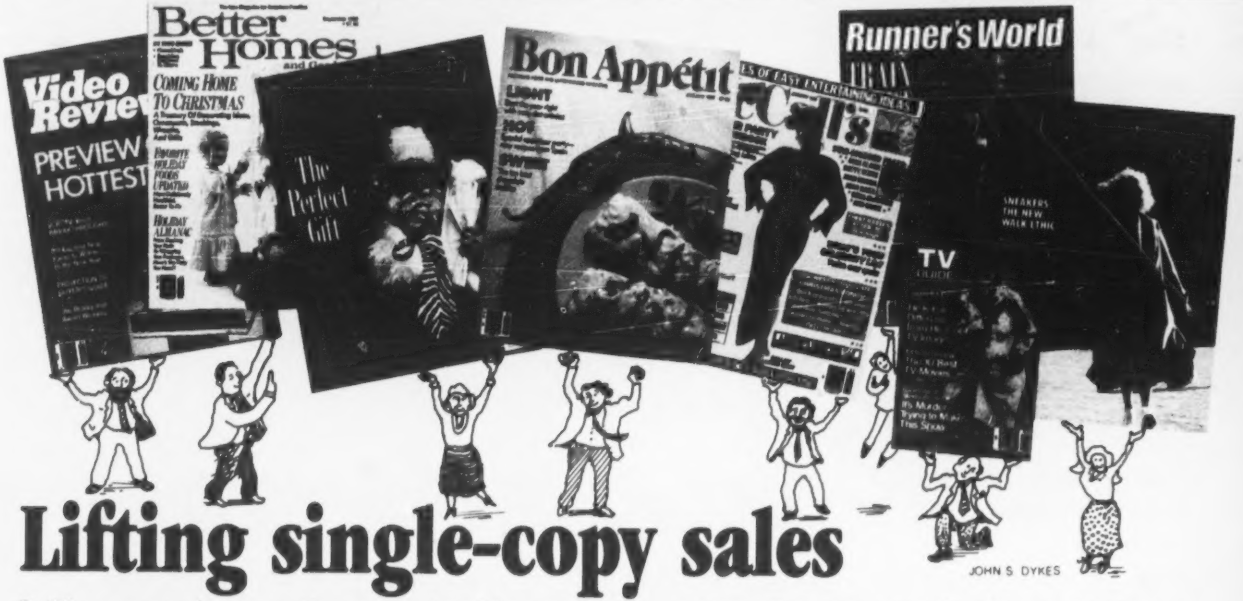
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The Perfect Gift
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Runner's World
SNEAKERS THE NEW WALK ETHIC
TV GUIDE

JOHN S. DYKES

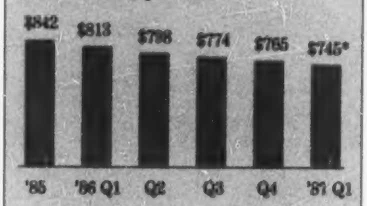
Lifting single-copy sales

Selling magazines on the newsstand is no simple matter. But you can do things with your magazine or its distribution plan to make a difference; nine publishing executives tell how. **94**

Oversupply lowers No. 5 coated prices

Paper prices are still dropping as a result of overcapacity and weak demand. See FOLIO:'s special report. **24**

(40-lb. offset, per ton)



Source: *Pulp & Paper*
*FOLIO: estimate

More small magazines offer regional ad buys

Despite high production costs, smaller-circulation titles are offering regional buys. The payoff may be long term. **13**

Publishing challenges in the 1990s

Phillip Moffitt, former president of Esquire Magazine Group, tells how to prepare now for the next decade to avoid potential problems and to take advantage of upcoming opportunities. **172**

Dynamic selling by phone

Proven techniques for both experienced salespeople and novices to increase their effectiveness on the phone. **101**

February 1987

David Bunnell: The whiz kid of computer magazines 45

PCW Communications' young chairman and chief editor has an enviable track record for launching successful computer magazines. His latest project is *Publish!*, for the desktop publishing market.

Life cycles and circulation plans 91

Before you begin circulation planning, consider the critical factors about your magazine's life cycle position. What works for a new magazine will not work for a mature one.

Pre-press control to the creators 106

A review of pre-press systems at Graph Expo 86—they promise to take ultimate control of page production out of the hands of craftsmen and put it in the hands of editors.

A publisher's guide to tax reform 112

Tax experts tell you how tax reform affects you and your business. The second half of this two-part series covers circulation, advertising and employee benefits.

Publishers enter joint ventures 13

Why go it alone? From coproduced inserts to joint ownership, magazine companies are working together on synergistic ventures that utilize one another's strengths.

Editors' bonuses tied to prosperity 19

A merit bonus program at Bill Communications rewards editors for their often unquantifiable role in improving their titles' ad fortunes.

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Computers in publishing

A quarterly guide to publishing software and computer services —21 pages packed with sources for FOLIO: readers. 121

OVERSIZE FOLDOUT(S) FOUND HERE IN THE PRINTED EDITION OF THIS VOLUME ARE FOUND FOLLOWING THE LAST PAGE OF TEXT IN THIS MICROFICHE EDITION.

SEE FOLDOUT NO 1

ly use available SMRB and MRI data for intermedia comparisons.

'Measurement nirvana'

The most complex—and far off—use of magazine metering would be in a "single-source" system whereby one meter tracks an individual's exposure to all major media and his or her product purchases. The closest current applications are the BehaviorScan and ScanAmerica tracking systems. But these fall far short, Douglas said, because they measure only exposure to television. A true single-source system—which he calls "measurement nirvana"—would take into account all other variables that influence purchasing decisions, such as distribution and display factors, coupon and other promotions and product quality. Such sophistication in a metering system is "illusion and fantasy"—and probably will be so a decade hence, Douglas said.

At best, the researcher concluded, metering magazines could be useful for validating audience measurement, "but in pursuit of that extra degree of precision to improve media planning, the cost of metering magazines could be far greater than the need to understand the ultimate magazine 'truth.' "☐

Paper prices still dropping

Overcapacity, weak demand further depress No. 5 coated prices

With excess production capacity already on line at U.S. paper mills and more capacity in the wings, paper merchants and magazine paper buyers are predicting further price drops for the coated groundwood commonly used in magazine printing. For magazine publishers, this points to another good year for paper purchasers.

In December, Irving Herschbein, director of manufacturing and distribution at Conde Nast, reported for FOLIO: on sagging prices and weakness in the supply/demand situation. Although lower paper prices appear to favor publishers, Herschbein notes,

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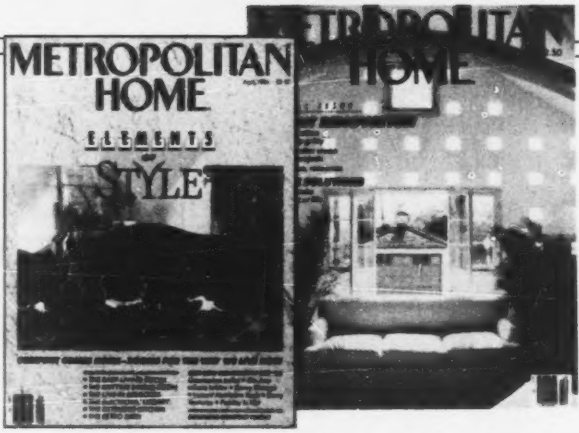
Bucking the trend to smaller trim sizes



The market is willing to pay more for a quality product, says* Metropolitan Home *publisher Burzon. He switched to a larger format with heavier paper for an upscale look.

A popular tactic among publishers to cut paper consumption has been to reduce magazine trim sizes. The "standard" size today is some 12 percent smaller than it was perhaps a decade ago. In response to publisher demand, printers are increasingly going to shorter cut-off presses that trim to 10½".

According to Ted Felton, director of manufacturing, Hearst magazines, and a speaker at the recent Graphic Communications Association's Printer/Publisher Symposium, shaving trim sizes has provided substantial savings for magazines: *Town & Country* cut paper costs by $145,000 per year, *Sports Afield* by $68,000 annually and *Good Housekeeping* by $1.5 million a year.

By no means, however, is the trim trend entirely downward. In a considerably smaller countertrend, some titles are increasing trim size and improving paper quality in pursuit of the upscale reader.

Meredith's *Metropolitan Home* is one of them. "We're looking at an attitude in a growing segment of our market," said publisher Stephen Burzon. "There's emotion and prestige in buying a quality product and in advertising in a quality product."

Burzon explained that the advertising community did not consider *Metropolitan Home*'s readers to be as high quality as the title's publishers did. Part of the problem was price.

Metropolitan Home was at the low end for both cover price and advertising cost per thousand. Burzon switched the title to heavier stock and expanded the trim to 9" x 10⅞". He also raised advertising rates 40 percent. Since the October changeover ad pages have increased. Some readers have also responded by paying their sub bills.

"We felt we had plenty of room to pay for upgraded production," remarked Burzon. "We figured that we may be able to make more money by improving quality rather than by reducing quality."

---

they also reflect weak demand from the magazine industry, which has experienced flat or declining ad page sales.

Since that report, several mills have unofficially cut their prices for No. 5 coated groundwood; it appears prices will remain soft through first-quarter 1987. At FOLIO:'s press time, merchants and buyers reported that coated free-sheet prices appear stable, but uncoated stock prices are rising. However, most believe that widespread price discounting on spot sales between mills and major buyers would force across-the-board price reductions for coated groundwood.

"It's a waiting game to see which mill will stick its neck out first," says Joel Reiss, *Newsweek*'s director of materials, who at year-end anticipated

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list price cuts of $20 to $30 per ton on coated groundwood for early 1987.

Overcapacity here and abroad

The root of the paper companies' problem is the greatest overcapacity for No. 5 coated groundwood in history. Consolidated Papers, Bowater Inc. and Repap Enterprises all started up new machines in 1986, adding some 600,000 tons of capacity. An additional machine at International Paper Co. was about to come on line at year-end.

According to some brokers, the start-up tonnage coming out of these mills is partially responsible for discounting, as mills try to secure customers with low price inducements.

At the same time, foreign paper manufacturers, many of which entered the domestic market several years ago when the market was tight and have since decided to stay, are adding to the oversupply. European and Japanese paper companies have new capacity and oversupply problems of their own at home. Rick Irwin, senior vice president at Gould Paper Corp., a New York paper merchant, complains of widespread "dumping" by foreign suppliers. "They're selling their paper here at lower prices than what they're selling it for in their own backyard," he says.

Coated groundwood imports account for 4 percent to 5 percent of domestic consumption, according to *Pulp & Paper*. Executive editor Will Mies predicts imports will play a lesser role in the future, however, following an approximate 9 percent decrease in imports for 1986 over the previous year; a dollar value that makes foreign products less competitive; and new U.S. capacity that will further undercut foreign price competitiveness.

No increase in demand

Publishers' demand for coated groundwood is likely to remain soft. *Newsweek*'s Reiss says that most publishers estimate flat business for 1987, which means static or lower demand for standards such as 34-pound coated papers. Higher basis weights may experience stronger demand and stable prices because of their greater strength in the commercial printing market.

One merchant says that "most publishers are pretty happy with their current inventory levels," and he expects to see no significant changes in buying patterns. That, of course, excludes the possibility of disruptions such as labor strikes. Mill unions appear to be more moderate of late, he adds, and buyers are more sensitive to potential disruptions.

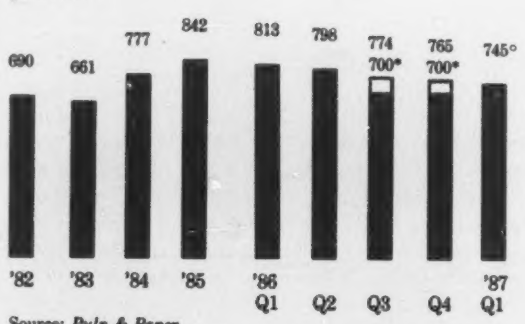
Reiss notes that most publishers build increases into their paper budgets to allow buyers to act quickly—before anticipated price hikes take effect.

Eventually the cycle will reverse itself, as it has in the past. This time around, however, Irwin says, paper manufacturers will force coated groundwood into exceedingly tight supply—pushing prices up substantially—before opening a new supply. That extreme, he notes, may be as long as three years away.☐

Paper transaction prices have dropped well below list price over the last year under pressure from increasing capacity, imports and discounting. Prices to publishers are expected to remain soft through 1987.

Oversupply pushes No. 5 coated prices down

(40-lb. offset paper)



Source: *Pulp & Paper*

*Some transaction prices discounted below $700 per short ton.

°FOLIO: estimate based on reports of unofficial 3% discount to select contractual customers.

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UPDATE

49% of weeklies delivered late

The percentage of weekly publications delivered late stood at 49 percent during the third quarter of 1986, exactly where it was during the second quarter, but somewhat below the 57 percent level for the first quarter. During the second half of 1985, 55 percent of weeklies were delivered late.☐

Publications delivery box score:
Weekly publications, July—September 1986

City	On time	1 day late	Later
Composite average*	**51%**	**29%**	**20%**
Boston (Area 021)	53	31	16
New York (Area 100)	56	30	14
Buffalo	62	25	13
Pittsburgh	47	33	20
Philadelphia	41	35	24
Washington, D.C.	43	27	30
Atlanta	38	28	34
Miami	47	32	21
Memphis	54	21	25
Cincinnati	45	36	19
Detroit	71	20	9
Milwaukee	62	25	13
Minneapolis	60	32	8
Chicago	60	29	11
New Orleans	20	24	54
Dallas	46	34	20
Houston	35	33	32
Denver	42	32	26
Los Angeles	67	19	14
San Francisco	62	23	15
Seattle	57	23	20

*Including other U.S. cities and SCFs not listed.
Data based on experience of 33 weekly business and consumer publications accounting for 1,500,000 copies in the mail each week and predicated on delivery as newspapers. Most publications monitored maintain multiple additional entries and air freight to post office of entry.
Source: Red Tag News Publications Association, Inc.

Brown postal sacks to replace white

Postal workers were still giving white-sacked mail slower service

Washington, D.C.—The USPS is phasing in a program this year to replace the white canvas mailing sacks used by monthly magazines with brown sacks used for delivering weeklies and newspapers. Under this procedure, all second class publications will be shipped in brown bags.

The aim is to give monthly publications the same treatment in terms of processing at post offices that has been afforded weeklies and newspapers, says Ralph Stewart, USPS media relations officer. Monthlies should see an improvement in delivery as a result of the program, he asserts.

The new system is a follow-up to the merger of monthlies into the preferential mailing network that took place in January 1985. Monthlies' publishers have said that, since then, their delivery has improved; publishers of weeklies have complained that service for them has worsened. But monthlies still appear to have received poorer service than weeklies have as a result of being placed in white mailing sacks: Such titles were processed more slowly than were weeklies and newspapers in brown bags.

"Our postal people have certain in-

72% of monthlies delivered late

Delivery of monthly second class publications continued to improve during third-quarter 1986. The percentage of publications delivered late fell to 72 percent, down from 74 percent in second-quarter 1986. The downward trend continues from first-quarter 1986 and fourth-quarter 1985, when 78 percent and 80 percent of monthly magazines were delivered late, respectively.☐

Publications delivery box score:
Monthly second class publications, July–September 1986

City	Better than USPS standard	Service standard	1-6 days late	Later
Composite average*	8%	20%	64%	8%
Boston (Area 021)	10	23	61	6
New York (Area 100)	2	19	66	13
Buffalo	0	6	75	19
Pittsburgh	6	16	73	5
Philadelphia (Area 191)	2	30	57	11
Washington, D.C.	0	10	76	14
Atlanta	9	18	68	5
Miami	26	21	50	3
Memphis	3	30	60	7
Cincinnati	8	21	57	14
Detroit	2	21	60	17
Milwaukee	0	28	72	0
Minneapolis	6	18	73	3
Chicago	0	21	69	10
New Orleans	0	3	77	20
Dallas	15	18	62	5
Houston	15	19	64	2
Denver	12	23	65	0
Los Angeles	11	17	68	4
San Francisco	20	32	35	13
Seattle	30	29	41	0

*Including other U.S. cities and SCFs not listed.
Source: Red Tag News Publications Association, Inc.

grained habits," explains Stewart. "Over the years, when they saw a brown sack it meant newspapers, which get preferential treatment. White canvas sacks don't mean that to them. Even after the rule change, people handled them the way they always had out of force of habit."

The solution is simply to get rid of white bags, replacing them with brown ones. The USPS will incur no major costs in doing this, Stewart notes, adding that weekly magazine publishers should not worry that their service will be adversely affected.

Jack Widener, director of distribution for *Newsweek*, agrees that the new program should not have a negative effect on weeklies, particularly large ones such as *Newsweek*, which keep a very high profile in postal processing centers. If there is any impact, he says, it will be on smaller weeklies.

Dan Dolman, distribution manager for CMP Publications, also doesn't expect weeklies to suffer, in his case because CMP mails its monthlies during the week to avoid overlaps with weeklies, which are mailed near or during the weekend for Monday arrival.

Dolman adds that the all-brown sack program should improve service for monthlies. "Just because you mail a monthly, you don't want to wait a month to see it delivered," he says. When processing mail "postal workers don't look at the content, they look at the sack."

Gerald Burdick, circulation marketing director for three Bill Communications publications, also believes that the new procedures will result in

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From this information, the most salient selling themes should become obvious. Skip the exercise, Sahlein said, and you won't know what will appeal to subscribers.

Letter format

Emphasizing that writing strong direct mail copy is often an agonizing process, Sahlein offered a simple format on which any promotion letter can be modeled.

At the top of the letter, repeat the teaser copy used on the envelope. Move to the salutation, making it as specific as possible. The letter's opening line should promise one major benefit from subscribing—such as "Now you can stay up to date on . . . "

The next five to 10 lines, according to the copywriter, should elaborate on the opening-line benefit. You may also want to describe here the consequences of not subscribing. This is an optional tactic.

A short transition line—for example, "How can you do it?"—then leads the reader into a description of the newsletter. A brief mention of a premium in the description section will keep the prospect reading, Sahlein said. End the first page in the middle of a sentence—a "page-turner" device.

Additional benefits of subscribing are detailed in the sales letter's inside pages, according to Sahlein's format. The benefits are actually newsletter features phrased to best emphasize the reader's needs. The feature "news on current Federal Trade Commission rulings," for instance, is turned around to read "know what the FTC is doing—in time to act."

Before closing the letter with a sales offer, you may want to introduce the newsletter's editor or describe the company. These tactics can add authority or credibility to the product. The key is to include only information that will impress the target reader.

End with sales pitch

The last page should hold the sales pitch. Start with the offer without mentioning price. "People are looking for a chance to throw [the letter] away, and that's the first reason," Sahlein explained. This tactic also allows the publisher to test prices by changing only the order card, not the whole letter.

After making the offer, reiterate the premium, state the guarantee, restate the consequences of not subscribing, repeat the opening teaser and sign off with a command to order *now*. Finally, Sahlein said, add a P.S. and the newsletter's logo at the bottom of the page.☐

Coen forecasts 7.6% ad growth

Agency exec expects slow year for magazines, but notes growth in some categories

Total U.S. advertising expenditures crossed the $100-billion mark in 1986, gaining 7.7 percent to reach $102.1 billion, according to the annual media outlook from Robert Coen, senior vice president, McCann-Erickson. But for the second consecutive year, national marketers' spending in the major media rose less than the gross national product did.

In total, magazines last year brought in $5.36 billion in ad sales, up 4 percent over 1985. However, they showed considerably less growth than did the other major media. Television ad expenditures jumped 9.8 percent, to

1986 expenditures in major mass media

	% over 1985	($000,000)
Newspapers	+7.0	$26,940
Magazines	**+4.0**	**5,360**
Radio	+7.5	6,975
Television	+9.8	21,475
4-media total	+6.9	$60,750

Source for charts: Robert Coen, senior vice president, McCann-Erickson.

Magazines fared worse than the other mass media last year because of softness in cigarette, liquor and computer advertising.

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The outlook for 1987

Media budgets	Change over 1986	1987 projections ($000,000)
Major national broadcast	+6.3%	$17,855
National print	+4.8	9,270
Other national	+8.7	34,200
Total national	+7.4	61,325
Total local	+7.8	48,495
Grand total	+7.6%	$109,820

***The industry can expect** a continued malaise in print budgets because of the softness in several critical categories. Print will be lucky to achieve its 1986 levels, states Coen.*

Top-product category changes

(3-media expenditures: 9 mos. 1986 vs. 9 mos. 1985)

	Network TV	Spot TV	Magazines	Total 3 media
Foods	0%	+ 2%	+19%	+ 3%
Toiletries	− 8	−15	0	− 7
Automobiles	+17	−37	+11	+23
Drugs/remedies	+ 6	− 8	+10	+ 5
Cleaners/waxes	+ 2	− 7	− 3	0
Candy/soft drinks	−10	+ 7	+ 6	− 1
Restaurants	+ 9	+11	+ 6	+ 10

***Magazines** showed strength in several major categories, most notably foods, automobiles and drugs and remedies. Toiletries, however, have been sluggish since a 1984 peak.*

$21.475 billion, although much of the strength was in spot TV and cable television. *(See "Briefings," January 1987, page 11.)*

Magazines' troubles stemmed primarily from softness in tobacco, liquor and computer advertising. The medium is making gains in other major categories, however, notably foods, automobiles, drugs and remedies, apparel and financial services.

Coen reports that food advertising, one of the larger categories, was up 19 percent in magazines during the first nine months of 1986, compared to the same period the year before. Network television showed no growth in this sector, while spot TV registered a 2 percent gain for the period.

Magazines also posted strong gains in automobile and drug and remedy advertising. Expenditures increased 11 percent and 10 percent, respectively, through third-quarter 1986, according to Coen. However, he expects the auto industry's spending increases to slow considerably in 1987.

Magazines also enjoyed big gains in some smaller, specialized ad categories. Spending by brokers and mutual funds, for example, surged 90 percent in magazines for the first nine months of 1986.

Coen calls the advertising outlook for 1987 "mixed," with many marketers continuing to maintain strict control over ad budgets. Ad growth in the major mass media is not likely to be much greater than growth in the overall economy, which Coen forecasts at 5.7 percent, including inflation at 3.2 percent. The advertising executive expects a "continued malaise" in national print budgets (magazines and newspapers). He predicts 4.8 percent growth there, to $9.27 billion, this year. Spending on direct mail will be particularly strong—up 10 percent, Coen predicts. Total ad spending is forecast to be $109.82 billion, up 7.6 percent.☐

Lasers brighten gravure outlook

Time and labor benefits of laser engraver step up transition to filmless pre-press

***The consistent accuracy** of Crosfield's Lasergravure system eliminates much of the costly hand labor involved in engraving gravure cylinders—savings that will eventually reach publishers.*

With two of its new Lasergravure systems now installed in North America, Crosfield Electronics, Inc., appears to have grabbed a leading edge in the technology that closes the loop in direct digital, filmless pre-press for rotogravure printing.

Crosfield's laser gravure cylinder engraving systems were installed last fall at Texas Color, a Dallas subsidiary of magazine printer Providence Gravure, and more recently at Batten Gravure, Toronto. Batten specializes in packaging-industry printing, but its $2-million investment in the technology reflects the gravure industry's overall commitment to improving pre-press

Computer publishing's whiz kid

The latest computer trend is desktop publishing, and David Bunnell is there, as usual, with a magazine

He is not even 40 years old, but David Bunnell is already responsible for founding no fewer than four of the industry's most successful computer magazines. And as anyone in publishing knows, success doesn't come easily in that field.

"His genius—and I really think he is a genius—is in understanding very, very clearly where the personal computing industry is going and being able to project . . . what products and services will fit into that marketplace. His ability to think that through and see it in advance is what sets him apart from other people." So says Bart Rhoades, president and chief executive officer of PCW Communications, of which Bunnell, 39, is chairman and editor in chief.

The company's newest project, *Publish! The How-to Magazine of Desktop Publishing,* is a typical Bunnel success story: In March it will go from bimonthly to monthly six months ahead of schedule. *Publish!* was founded in 1985 by an independent editorial team, Cheryl Rhodes and Tony Bove. The title was purchased in March 1986 by PCW, the $40-million-a-year, San Francisco-based subsidiary of International Data Group (IDG), parent of computer publishing giant CW Communications. PCW also publishes *PC World, Macworld* and two computer-related newsletters.

Rhodes and Bove have remained with *Publish!* as contributing editors. Says Rhodes, "We see David as a pioneer in the personal computer and magazine publishing industries, and his organization was the right organization for us to work with . . . His magazines are very profitable in a short period of time, and [PCW] has a reputation for producing quality products."

Under Bunnell's editorial direction and the artistic hand of Jacqueline Poitier, vice president, art and design (and Bunnell's wife), PCW has transformed what was a relatively unsophisticated product into a high-quality editorial/graphics package. The new title first ran as an insert in the July 1986 issues of *PC World* and *Macworld.* It had its premiere as a stand-alone bimonthly last September and, according to Bunnell, posted a profit after only its second issue. "The market is growing a bit faster than we had projected," he says of the company's decision to take *Publish!* monthly sooner than planned. "We're selling more pages than we thought we would, and subscriptions are coming in at a faster clip than expected."

The magazine practices what it preaches regarding desktop publishing: It is produced using such electronic publishing tools as Apple Macintoshes, Microsoft Word software for writing and text editing and Aldus Pagemaker for layout.

"A lot of what we're doing is already done on larger systems like Atex; duplicating that functionality on low-cost personal computers is what's revolutionary about it," Bunnell says. "We're pushing desktop technology to its limits, and we see *Publish!* as a lab for that technology."

Make the world better

It may sound like a cliche, but Bunnell wants to make the world a better place—and he believes that expanding the scope of personal computing to its fullest potential is one way to reach his goal. He has created or developed several publications—*Personal Computing, PC, PC World, Macworld* and now *Publish!*—that have reached new audiences and, remarkably, have stayed afloat in a sea of competitive titles.

Bunnell's professional publishing career began in the early 1970s, when

*"**If you really understand** your market and have a feel for it, that's better than all the market research in the world," asserts Bunnell.*

Top-10 microcomputer end-user titles by advertising pages*

January-September 1986

Title	Pages	% Share
PC Week	4,874	27.4%
PC	3,161	17.8
Byte	2,485	14.0
PC World	1,968	11.1
Info World	1,306	7.3
Personal Computing	1,064	6.0
Macworld	929	5.2
A+	760	4.3
80 Micro	675	3.8
Lotus	569	3.2
Total:	17,791	100%

Source: Adscope Inc.

*Does not include those aimed at programmers and other technical users.

***Four of the top-10 microcomputer end-user magazines were the brainchild of David Bunnell—*PC, Personal Computing, PC World *and* Macworld.**

he joined a small firm, Mits, as a technical writer. In 1975 Mits introduced Altair, the first commercial microcomputer.

"That experience really got me very excited," Bunnell recalls. "I could see that personal computers had potential to have a very beneficial and meaningful impact on society . . . to diffuse technical power so the *individual* has more power, more resources, more freedom."

Sensing the need for a publication directed to nontechnical types, Bunnell left Mits in 1976 to start *Personal Computing*, financed by Binwell, a Boston publishing house.

"I felt very strongly that there needed to be a magazine that was consumer oriented and spoke to people who wanted to use computers . . . but who didn't really need to understand how they worked," he says.

Personal Computing was purchased from Binwell by Hayden Publishing Co. in 1980, shortly after Bunnell moved to the West Coast. Hayden, with *Personal Computing* as its crown jewel, was just acquired by VNU United Dutch Publishing Companies.

Ziff dispute

Bunnell has a paternal instinct toward his magazines, which, he says, are "like living, breathing things" that require nurturing to survive. In fact, he is still embroiled in something of a custody suit over one of his creations—*PC*, which he founded in 1981. Against Bunnell's wishes, the title was sold the following year to Ziff-Davis Publishing Co. by investor Tony Gold. Bunnell had hoped *PC* would be sold to PCW's parent IDG, which he joined soon after. At this writing he is awaiting the start of a trial to settle the *PC* ownership dispute.

Bolstered by IDG's strength—and a win over Ziff in its attempt to enjoin him from doing so—Bunnell quickly launched *PC World*, a direct competitor to *PC*. Of the top-10 microcomputer magazines, *PC* holds about an 18 percent share of ad pages to *PC World*'s 12 percent share, according to Adscope, a tracking service. The PCW title published its largest issue in terms of ad pages—290 of a total of 450—in November 1986 and boasts a total paid circulation of about 315,000.

The competitive fire was not a significant factor, however, when Bunnell took over the editorial helm of *Publish!*, then named *Desktop Publishing*. "It's not just a computer magazine," Bunnell asserts. "It's a magazine for *publishers*. I think all publishers are going to be using what we now call desktop publishing. It's already happening, but it will happen in a much bigger way," he predicts.

According to Bunnell, only *Personal Publishing*, published by a small Chicago-area company, also covers the industry. "The only real competition would come from a much bigger company like Ziff-Davis or McGraw-Hill," he says. "But I think we've pre-empted the market."

Animal instinct

On what does Bunnell base his generally on-target projections about computers and publishing? "It's an animalistic instinct that can't be . . . turned into a formula, thank God," he says. "If you really understand your market and have a feel for it, that's much better than all the market research in the world."

Bunnell, who turns 40 in July, isn't out of ideas yet. Although he says he won't write any more computer books (he penned *Personal Computing, A Beginner's Guide* and coauthored with Adam Osborne *An Introduction to Microcomputers*) because they're "dull stuff," he's toying with the idea of doing a book on the *PC* drama. "It would be about business, publishing, personal computing and people," he says.

Bunnell's attitude toward his own success is a mixture of pride, self-satisfaction and powerful desire to do more—much more. "I'm still young," he says. "There is a lot I can do with my life."—*Amy Lipton*

Management

Brack

Reginald K. Brack Jr. is the new chief executive officer of Time Inc.'s magazine group, replacing **Kelso F. Sutton**. Sutton moves to Brack's former post, chief executive officer of Time's book division, which includes Time-Life Books; Book-of-the-Month Club; Little, Brown & Co.; and Time-Life Video. Brack, who joined Time in 1962, became associate publisher of *Time* in 1976 and founding publisher of *Discover* in 1980. He is credited with turning around Time-Life Books after arriving in 1982. Two years later he was named group vice president of Time Inc. Head of magazine operations for six years, Sutton had been responsible for Time's first major magazine acquisition, Southern Progress Corp., as well as for the ill-fated *TV Cable Week* venture and the recently aborted *Picture Week*. **Glenn A. Britt** to vice president and treasurer, Time Inc., from senior vice president and chief financial officer of Time Inc.'s subsidiary, Home Box Office, Inc. **Philip R. Lochner Jr.** becomes head of the company's corporate law department as well as vice president. He had been senior vice president and general

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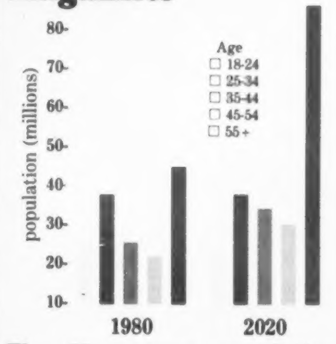
Circulators on circulation

Personnel scarcity, poor training and overreliance on personal computers are some of the challenges discussed by nine circulation pros in the first of a two-part report. **110**

Demographics shape magazines



The 55+ group, population growth leader, is a ripe market for magazines. **19**

Editors make hay from ad fiasco

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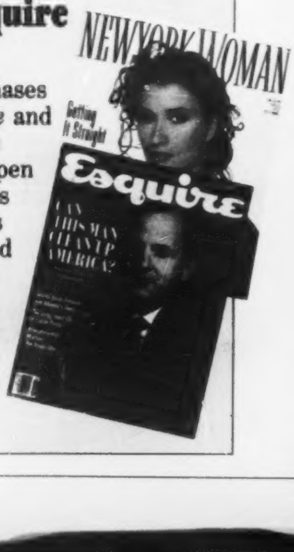

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UPDATE

Demographics shape magazines

Aging of baby boom is most pronounced demographic trend

Demographic changes are a key factor in the rise of new magazines—even entire magazine categories—and help shape titles' editorial and advertising. What, then, are some major demographic and lifestyle changes that, over the next decade and into the year 2000, will have an impact on the magazine industry?

The most pronounced demographic phenomenon in the United States will probably continue to be the impact of the baby boom generation—individuals born between 1948 and 1964 who now make up about one-third of the population. This generation is fast approaching middle age. According to the Census Bureau, the number of 35- to 44-year-olds increased 15 percent between 1980 and 1983, compared to a national population growth of 3.3 percent.

As baby boomers age, their attention turns to new concerns: health, children's education, savings for retirement and caring for aging parents. Baby boomers will, in effect, become more future oriented, observes Barrie Atkin, director of corporate planning for Rodale Press. Because health concerns will increase among maturing baby boomers, magazines on health/fitness should continue to be in demand, she predicts.

Prospects are also good for titles aimed at parents and children: The birth rate has risen over the last five years, reversing a trend that stretched

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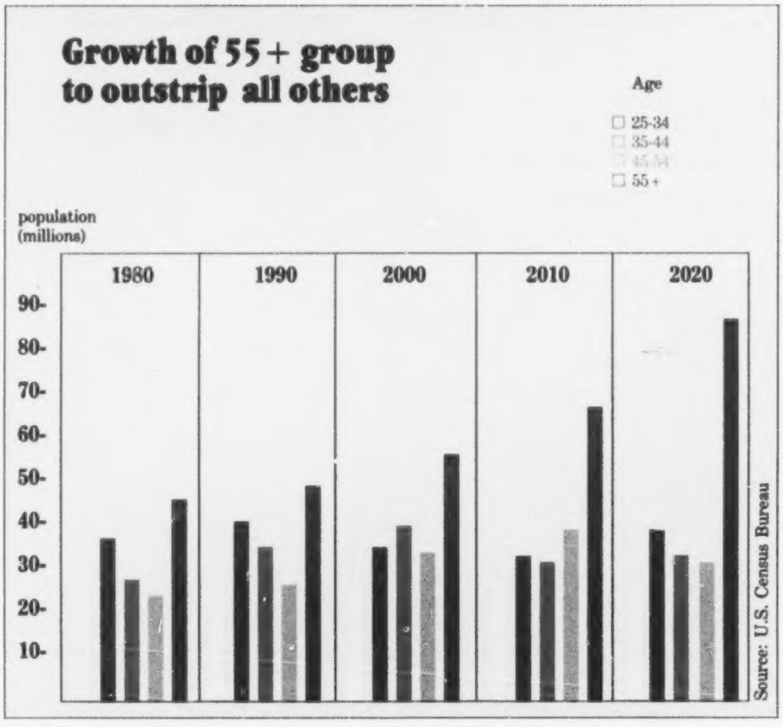

Growth of 55+ group to outstrip all others

Source: U.S. Census Bureau

By the year 2020, the 55 and over market—today's baby boomers—is expected to command nearly a 30 percent share of the total U.S. population.

Two premium trends emerge

Newsweek and others step up use of editorial premiums; more titles offer renewal gifts

Two trends regarding the use of premiums in circulation are emerging: the increased use of premiums to entice renewing subscribers and the return of the editorial-related premium.

Now more than ever, a subscriber's first introduction to a magazine is likely to be tied to a premium offer, says E. Daniel Capell, circulation consultant (*see sidebar*). As consumers are accustomed to buying magazines this way, using a renewal premium is increasingly necessary. This year, Capell claims, 30 percent of the industry is expected to offer premiums to renew.

American Film combines the two strategies by offering a book to renewing current subscribers, says Ronald Moyer, a circulation consultant to the title and head of RSM Marketing.

The book, which profiles the magazine's lifetime achievement award winners, is used as an advance renewal incentive. All 129,000 subscribers are sent promotions featuring the book. Last year, two such mailings generated 24,000 advance renewal orders.

Business title *Administrative Management*, another Moyer client, uses a renewal premium in the final effort to keep subscribers. The title sends a coffee mug to subscribers who failed to respond to previous mailings.

Magazines may get themselves into trouble, however, if they rely on the renewal premium to maintain subscribers who would otherwise not reorder. Gil Maurer, president of Hearst Magazines, cautions that this approach can be economic "folly."

Editorial premiums

Magazines are also stepping up the use of books, reprints and other editorial-related premiums, says Capell. Titles turning to editorial premiums range from *InfoWorld to Country Journal* (*see box*). The cost involved in producing editorial premiums versus the cost of offering "hard" premiums (clock radios, cameras, et cetera) is attractive to publishers, he adds. Editorial premiums accounted for 37 percent of premium subscriptions sold in the first half of 1986, he reports.

Newsweek recently changed its strategy on premium use, says circulation director Harold Shane. This year the bulk of the magazine's subscription campaign is an incentive offer of special *Newsweek* issues covering four topics: health, science, finance and arts and entertainment. This offer is far less expensive than were the hard premium campaigns the newsweekly ran in the past.

Newsweek is following the lead of *U.S. News & World Report*, which turned to editorial premiums last year. The title's main premium offer is a compendium of finance articles published in the magazine and repackaged as *The Home Finance Library*, says Jake Winebaum, circulation director.

U.S. News still offers hard premiums, but they accounted for only 5 percent of new subscription circulation in the first half of 1986, compared to the 20 percent they accounted for in the first six months of 1985, Winebaum says. He adds that the editorial premium has worked well: Subscription circulation is 2.2 million, up 9.1 percent in the first half of 1986, compared to the same 1985 period.

Whether the use of editorial premiums will continue to grow depends largely upon Time Inc., says Gerard Smith, *Newsweek*'s publisher. If Time remains active in the hard premium business, it is difficult to say what the magazine industry will do. "If this doesn't work well for us, we'll be back to using hard premiums," he explains.

Indeed, *Time* will be testing editorial premiums this year, says an executive at the company. Other Time Inc.

The debate on premiums: Are freebies detrimental to the industry, or smart marketing?

The number of subscriptions sold through premiums has more than doubled in the past five years, according to E. Daniel Capell, circulation consultant.

An analysis of magazines audited by the Audit Bureau of Circulations shows that 15.519 million subscriptions were sold via premium offers during the first half of 1986, compared to 6.877 million such subscriptions in the first half of 1981, says Capell.

Capell predicts that the use of gimmicks (premiums, sweepstakes, complimentary copies) will hit an all-time high this year. As many as 90 percent of new subscription offers will contain such incentives, he says.

The heavy use of premiums draws criticism from Gerard Smith, publisher of *Newsweek*, who is moving the magazine out of the hard premium business.

Such magazine industry circulation promotion is detrimental to the product, he cautions. "I think we need to make a very concerted effort as an industry to move out of the premium business," he says.

Competitor Time Inc. defends its extensive use of gifts such as radios, cameras and other goods to lure subscribers. "Premiums induce trial," says Ann Moore, general manager, *Sports Illustrated*. "Everybody loves a deal, and everybody needs that little nudge."

Hearst Magazines' president Gil Maurer encourages using premiums at least to introduce readers to a magazine: "We make use of every introductory means, and we will continue to do that.

"You are infinitely better off using whatever inducement you see fit to get the magazine into as many, semicommitted hands as you can."

Some titles using more editorial premiums

	Number of subscriptions sold via editorial premiums	
	First half 1986	**First half 1985**
Family Computing	124,000	17,000
Outdoor	57,000	44,000
Esquire	48,000	16,000
Golf	22,000	6,000
InfoWorld	27,000	2,000
U.S. News & World Report	357,000	0
Inc.	244,000	82,000
Country Journal	116,000	3,000

Source: E. Daniel Capell. Compiled from ABC statements

***Books, reprints and other editorial premiums** are gaining popularity with publishers. Editorial products are less expensive to offer than hard premiums, and, some say, more likely to lure those truly interested in the title.*

titles, *Money* and *Sports Illustrated*, already use editorial premiums in their promotions. "Using the editorial premium is better for advertisers," says Mark Stanich, circulation manager, *Money*. "They are sure that the readers want the magazine."

Editorial premiums may reduce upfront response to subscription offers but will help boost renewal rates, Capell says, because subscribers gained through editorial premiums are likely to be genuinely interested in the magazine.☐

Editors make hay from advertising fiasco

When readers, magazine's ad department are bilked, *Tennis, Golf Digest* editors see great story

Trumbull, Conn.—Out of every evil comes some good, they say. "They" might be the editors of *Tennis* and *Golf Digest*.

While the advertising department of *Golf Digest* was smarting from the loss of more than $100,000 in ad revenue from a ne'er-do-well mail-order advertiser whose customers were screaming about being bilked out of approximately $2 million in golf equipment, editorial saw a good thing—an important story.

The culprit: SanTennis & Golf, a company that operated out of Portland, Oregon, for about a year. It began by specializing in tennis equipment and built up a good reputation. Then it switched to golf equipment. Shortly afterward, the firm, founder Peter Nandwani, the mail-order money and the equipment vanished.

In January, *Tennis* ran a four-page feature with a cover blurb, "Ripped off! A mail-order scandal." *Golf Digest* covered the fiasco with a two-page special equipment report titled "Mail-order racket exposed." (Both magazines are owned by a subsidiary of The New York Times Company.)

Might have been ignored

The saga might have been ignored by many editors, while others simply might have run a boxed warning to readers. Many legal, ethical and monetary considerations (such as the effect running the story might have on other mail-order advertisers) could have bogged down the article in endless debates or killed it altogether.

The SanTennis story, though, was considered purely on its editorial merit, according to Nick Seitz, vice president and editorial director of Golf Digest/Tennis, Inc. The idea was introduced by Robin Deutsch, an eager assistant editor of *Tennis Buyer's Guide*. Deutsch, 26, pitched the story during a monthly *Tennis* planning meeting.

"The guy captivated everybody with his findings," says Seitz. The immediate reaction of *Tennis* editors was "This is a helluva story." *Golf Digest* editors agreed.

The SanTennis scam was Deutsch's first major reporting assignment; his stories on it appeared in the two consumer titles and in two trade magazines, *Tennis Buyer's Guide* and *Golf Shop Operations*.

"We pushed the articles as far as we could to see what management would say," Seitz explains. "The publisher, the president of Golf Digest/Tennis, Inc., and The New York Times legal department all looked at the stories, and [the articles] came through unscathed."

Deluged with letters

Readers were undoubtedly interested—SanTennis had run ads in *Golf Digest* in June, July and August of last year. When the company stopped delivering ordered goods, *Golf Digest* was deluged with some 700 letters and 22 phone calls every day for two weeks. The magazine stopped running SanTennis' ads as of September 1986.

Seitz says that editorial recognized the reader service angle in the story: *Golf Digest* included a sidebar, "How to buy from mail-order firms," and the article ended with a "buyer beware" note.

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7 Deadly Sins
tennis
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THE SCANDALOUS SAGA OF SANTENNIS

***SanTennis' disappearing** act cost Golf Digest/Tennis Inc. thousands in unpaid advertising, but it made a "helluva story," the editors agreed.*

The possible effect on mail-order advertisers of golf equipment (according to a *Golf Digest* survey, 8 percent of its readers purchase golf equipment by mail) was also addressed head-on in the story's *Golf Digest* version. Quotes from several mail-order company executives were aimed at reassuring readers that not all mail-order companies are dishonest.

But these angles were, in fact, secondary. The real lure of the story was its international intrigue and shocking events. Alex McNab, executive editor of *Tennis*, points out that it is rare to find a thrilling crime story in the tennis world.

The case against SanTennis has gone before a Federal grand jury in Portland, Oregon, for indictments on mail-order, wire and bank fraud. The firm's runaway leader, Nandwani, is being pursued on three continents by Interpol and possibly by the Internal Revenue Service.

Readers are still calling *Golf Digest* about the rip-off. But instead of asking "Where are the golf clubs I ordered?" they are congratulating the editors for publishing a great story.☐

gramming information necessary to write a common translation language. In January, those companies began testing communication between prepress systems; IT.8 expects to begin testing in April the DDES user format at user sites.

According to Patrice Dunn, managing editor at Dunn Technology, a Vista, California, consulting firm heading the DDES drive, all testing closely follows ANSI guidelines to assure that the specifications gain the authority and acceptance that ANSI standards command in other industries.

Ultimate goal

The ultimate goal, one that Benham says the IT.8 committee may not want to tackle, is standardization of electronic typesetting interfacing. The electronic typesetting industry grew so rapidly, he says, that no one realized the need for standardization until the dozens of manufacturer and programming languages in use became unwieldly.

According to Benham, that failure complicates the next critical step in prepress technology: the cost-efficient merging of color graphics and text for "the general practitioner" using different combinations of equipment. "If anything holds that up, it will be the lack of standards for text systems," he states.

Benham hopes the experience the IT.8 committee gains will help establish similar standards for the typesetting industry. He sees problems, though, resulting from the sheer number of manufacturers that would be involved.

As with the color imaging standards, he says, nothing will move until users force it to move.☐

10-year forecast: Ads to parallel GNP

Circulation revenue may further eclipse ad revenue growth

■ *West Palm Beach, Fla.*—Growth in national advertising expenditures over the next decade should more or less match that of the national econo-

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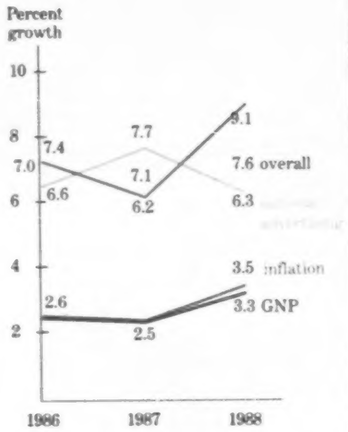
Graph 1

Ad spending to flatten relative to economy

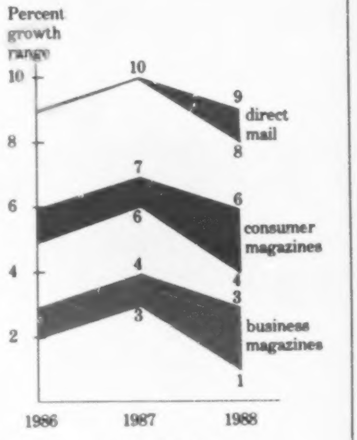


Source: J. Kendrick Noble Jr.
PaineWebber inc.

***Ad downturn:** Although 1988 is a Presidential election and an Olympic year, PaineWebber expects a decline in national advertising expenditures next year.*

Graph 2

Modest growth in print ad revenue forecast



Source: J. Kendrick Noble Jr.
PaineWebber Inc.

***Direct mail** spending will continue to outpace magazine ad growth. But forecasts don't account for tax reform savings that may boost ad budgets, especially for consumer titles.*

my, an expected compound growth rate of 7.2 percent through 1995, according to J. Kendrick Noble Jr., first vice president, PaineWebber, Inc. Speaking at the Printer/Publisher Symposium sponsored in November by the Graphic Communications Association, he added that local advertising expenditures should show a 7.9 percent compound growth rate.

Overall, Noble said, he anticipates modest growth in the economy for the next two years, with a flattening of national advertising relative to the economy. He also expects magazines to increase emphasis on circulation revenue and profitability, and advertisers to place more emphasis on targeting specific audiences for specific product and service marketing messages.

Noble, however, claimed he sees some hope, as a result of the new tax bill, for a better national advertising outlook. The higher after-tax income that many consumer advertisers expect to see in 1987 and thereafter may produce increased advertising expenditures in consumer magazines. The loss of investment tax credits for certain business press advertisers, though, may have a negative impact on some business publishers.

Although 1988 is both a Presidential election year and an Olympic year, it may not, Noble predicted, bring the strong increase in national magazine advertising spending that typically accompanies such activities. Instead, he expects national advertising expenditures to decline slightly for 1988 over 1987, but he admits his predictions for 1988 may be a percentage point or two low. (*See Graph 1.*)

Circulation 'driving force'

Over the next couple of years, circulation revenue growth rates should continue to eclipse those of advertising revenue, to the point where "it may become the driving force," Noble said.

"Though it may seem heresy," he continued, "I can see the reasonable possibility of a mix for consumer magazines, a decade hence, of one-third advertising, two-thirds circulation revenue. Even higher ratios do now exist."

Circulation growth will be powered by renewed emphasis on editorial excellence, which in turn commands

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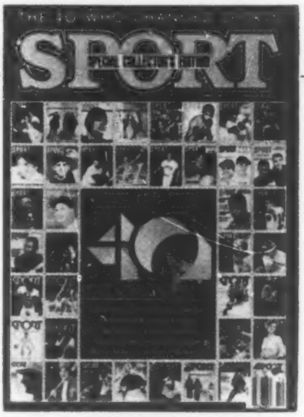
high renewal rates and newsstand sell-throughs, Noble said. He predicted expanded use of color in both advertising and editorial content, and more efforts to redesign and upgrade magazines' appearances.

Subscription and cover prices, he added, should be able to outpace inflation by 2 percent to 3 percent; advertising rate increases in undifferentiated media will closely match inflation rates.

Magazines' attractiveness to advertisers, versus that of other media, will continue to hinge on specialization and localization, he continued. The titles best able to pinpoint their readers' buying habits will be most successful at attracting advertisers, "perhaps even at premium CPMs in a market where some discounting may be occurring," Noble concluded.☐



A band of covers from Sport*'s 40th anniversary issue ran across the top of newsstands in New York City train terminals last fall.*

Selling single copies to travelers

Eye-catching displays in airports, train stations make good impression on advertisers

■ *New York City*—A commuter walking last fall through Grand Central Terminal, one of New York City's two main train stations, might have been struck by *Sport*'s eye-catching display at each of the station's seven newsstands. The display—a band of covers from *Sport*'s 40th anniversary issue running across the top of each newsstand—also appeared at newsstands in New York's other large terminal, Pennsylvania Station.

Sport is participating in a program with Elson's Inc., an Atlanta-based chain of newsstands with locations in airports, train stations and hotels nationwide. The arrangement also gives *Sport* special displays at Chicago and Atlanta airports this year. The cost to *Sport* comes to "several thousand dollars," according to Alan Inglis, circulation director.

The New York train station displays helped generate an 85 percent to 90 percent sell-through at 14 outlets; the magazine usually gets roughly 45 percent to 50 percent sell-through at those locations. (*Sport* averages 150,000 newsstand copies of a total 930,000 circulation.)

Nonetheless, Inglis explains, the additional sales, plus projected additional airport sales, will not cover the promotion cost. The special displays,

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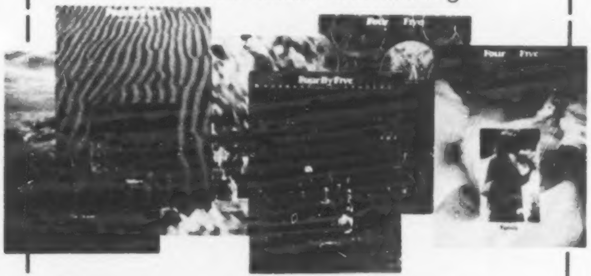

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Analysis of publicly-held magazine publishing companies

Business and consumer magazines ranked high in the communications industry in their return on assets for 1985—which raises anticipation for better operating growth for the year just ended

BY JOHN S. SUHLER AND
WALTER HUNNEWELL JR.

Magazine publishers, while not matching the financial growth rates from operations posted annually by the entire communications industry, have been delivering a standout performance on the test that, from an investment perspective, matters the most: return on assets.

This key measure focuses on how much every dollar invested in a company has grown. Taking into account the value of plant, inventory, receivables, cash and other holdings, return on assets is a comparison of the operating bottom line—income and cashflow—with the amount of investment needed to produce it.

Our assessment of magazine publishers, compared with the entire communications industry, is based on a review of their operating results for the five-year period from 1981 through 1985. During this period, the publishers showed themselves to be much more efficient asset utilizers than did the overall industry—and this was true not only in terms of returns on assets, but also in terms of their asset turnover rate.

These conclusions are drawn from the data presented in the fourth annual edition of *Communications Industry Report*. The report carries data for 355 business lines of 279 companies operating in the communications industry in the United States and Canada. It groups the data into 10 segments (and there is also a miscellaneous grouping for cases where less than 60 percent of the revenue in a business line comes from a communications activity that can be categorized).

The data show that the assets of the industry's magazine publishing sector—the combined results for business and magazine publishers—grew at essentially the same compound annual rate as did assets for the entire industry over the five years through 1985 (19.8 percent for magazines; 19.9 percent for the industry). But the magazine publishing sector's return on assets (ROA) has consistently bettered the industry's return each year—and by substantial amounts. The sector's operating income ROA, for example, averaged 29.8 percent compared with 16.1 percent for the industry. Generally, the sector's operating income ROA performed twice as well as the industry each year except in 1985, when it did half again as well.

The 10 industry segments, besides the two magazine publishing groupings, include newspaper publishing, broadcasting, cable and pay television, and business information services. Also included are book publishing, entertainment programming distribution, recorded music, and advertising.

In the magazine sector, data have been compiled for 15 business and 17 consumer magazine publishers. No publisher in one segment appears in the other, suggesting that the business operations of business and consumer magazine publishers are distinctly different.

Five-year sector results

For the five years ending with 1985, the operations of 29 of these 32 magazine publishers—all but two of them publicly held—grew more slowly

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John S. Suhler is president of Veronis, Suhler & Associates, a New York investment banking firm specializing in mergers and acquisitions in the communications industry. Walter Hunnewell Jr., research director in the firm, is the editor of VS&A's annual Communications Industry Report. ***Since its formation in 1981, VS&A has represented magazine publishers and other communications industry clients in completed investment banking transactions totaling more than $650 million.***

Magazine return on assets
1982-85

Classification	# of cos. in segment	Pretax operating income Year-to-year growth (%) 1982	1983	1984	1985	1982-85 average annual growth (%)	Operating cashflow Year-to-year growth (%) 1982	1983	1984	1985	1982-85 average annual growth (%)
Business magazine segment	14	23.4	27.0	34.2	26.2	27.7	25.9	29.8	37.5	30.4	30.9
Consumer magazine segment	15	30.6	31.0	40.3	22.6	31.1	35.6	36.6	46.6	29.8	37.2
VS&A magazine sector totals	29	28.0	29.5	38.1	23.6	29.8	32.1	34.1	43.3	29.9	34.9
VS&A communications industry totals	319	15.8	16.3	16.7	15.4	16.1	19.8	20.5	21.1	19.8	20.3

Business and consumer magazine return on assets*, combined and separately, substantially outdistanced returns posted by the entire communications industry in each of the last four years. Except for 1985, operating income return on assets generally doubled the return for the industry—an outstanding achievement. For 1985, the return was half again as much as the industry's—still admirable. From an investment standpoint, ROA is considered one of the best gauges of the bottom line.*

than the industry as a whole. The publishers managed a 7.9 percent compound annual growth in revenue, for example, compared with 13.7 percent for the industry. Their pretax operating income for the period grew 8.7 percent annually, only half the industry's 16.7 percent rate. Their profit margin in 1985 improved only 0.3 percentage points from its 1981 level, compared with a 1.5 percentage point improvement for the industry.

Nor did the magazine sector grow as rapidly as the overall industry in terms of cashflow. The publishers' five-year compound annual growth of pro forma cashflow was 11.6 percent versus 18.7 percent for the industry. Their cashflow margin in 1985 improved only 1.6 percentage points over its 1981 level, compared with a 3.0 percentage-point gain for the industry. (Cashflow is "pro forma" because it is obtained by adding depreciation and amortization to pretax operating income as a means to approximate actual cashflow.)

But the magazine sector's asset performance, as previously noted, was outstanding. Its showing on the measure of cashflow return on assets emphasizes the publishers' achievement. It consistently bettered the industry's performance each year, averaging 34.9 percent for the four years covered, compared with an average of 20.3 percent for the entire industry's ROA each year.

In addition, the sector has outperformed the industry in terms of assets required to generate revenue, as measured by its asset turnover rate. In 1985, for example, assets turned over annually at a rate more than twice the industry's rate (2.3 times versus 1.0 times).

These growth rate and financial ratio comparisons are based on segment composites. They have been compiled for only 29 of the 32 publishers in order to exclude cases where data are unavailable for all five years, or are inconsistently reported. This smaller figure improves the comparisons' validity.

> "Although business publishers outperformed consumer publishers in terms of five-year compound annual growth of operating income, consumer publishers pulled ahead on the basis of 1985 annual income growth."

For the magazine sector, the averages are based on data for 14 of the 15 business publishers and 15 of the 17 consumer publishers. For the entire industry, the composite comparisons are—for similar reasons—based on data for 319 business lines reported by 244 companies.

Business publishers' performance

Business magazine publishers, although experiencing only 6.5 percent compound annual revenue growth, achieved a decent 9.3 percent compound annual income growth during the 1981-85 period. Their 1985 operating income margins stood at a respectable 12.3 percent—an improvement of 1.2 percentage points from 11.1 percent in 1981.

However, revenue growth in 1985 dropped to 6.6 percent from the prior year's 14.4 percent. Despite the slowdown, 1985's result still exceeded no growth (-0.1 percent) and 5.6 percent growth for 1981 and 1982. But the segment's 1985 operating income also declined by 9.1 percent from the record level set for the period in 1984. (It was the segment's only contradiction in income for the period.) The year 1985 also saw the segment's operating income margin slip to 12.3 percent from 1984's record 14.5 percent and from the 12.9 percent posted in 1983, as well.

Compared with industry results, business magazine publishers' operating income in 1985 and for the five-year period grew at rates noticeably below industry rates. Income growth, for example, has been less than the industry's for every year except 1984. Meanwhile, the segment's operating income margin, which in 1984 had all but

Magazine financial growth
1981-85

Classification	# of cos. in segment	Revenue: Year-to-year growth (%) 1982	1983	1984	1985	1981-85 compound annual growth (%)	Pretax operating income: Year-to-year growth (%) 1982	1983	1984	1985	1981-85 compound annual growth (%)
Business magazine segment	14	-0.1	5.6	14.4	6.6	6.5	3.2	18.7	27.9	-9.1	9.3
Consumer magazine segment	15	5.5	10.1	9.4	8.7	8.4	4.7	1.6	41.0	-7.9	8.4
VS&A magazine sector totals	29	4.0	9.0	10.7	8.1	7.9	4.2	6.8	36.6	8.3	8.7
VS&A communications industry totals	319	13.1	13.6	16.7	11.7	13.7	11.5	21.6	21.5	12.7	16.7

Combined business and consumer magazine revenue, although posting a slowdown in annual growth last year, managed to keep growth above the 7.9% five-year compound annual rate. But just barely. Pretax profit growth declined sharply from 1984's record rate, as 1985 net operating income fell below 1984 levels. Magazine profits grew more slowly than did overall communications industry profits—both for the five years and 1985. Consumer magazines generally posted better revenue and profit growth for both periods.

closed a long-standing gap between the segment and the industry, reopened. The segment's 1985 margin was 12.3 percent—down from 14.5 percent. In contrast, the industry's margin in 1985 was 14.8 percent—up from 14.7 percent in 1984. The segment's margin in 1985 improved somewhat less from 1981 levels than did the industry's (1.2 versus 1.5 percentage points).

The publishers achieved a total cashflow growth of 50 percent over the five-year period. Cashflow expanded at an annually compounded rate of 10.7 percent. But growth reversed itself in 1985, as cashflow levels declined by 3.8 percent from a high set the prior year.

The segment's cashflow margin in 1985 stood at 14.3 percent—noticeably below the 19.0 percent industry margin and down from the segment's record 15.9 percent level in 1984. The segment's margin showed a 2.0 percentage point improvement between 1981 and 1985, but the industry's margin improved by a full percentage point more.

However, business magazine publishers performed in outstanding fashion on that all-important measure: return on assets. Their asset base grew at a compound annual rate of only 9.9 percent during the five years—half the industry's 19.9 percent rate. But their average annual pretax operating income return on assets was 26.2 percent compared with the industry's 15.4 percent. In 1985, the segment's cashflow return on assets stood at a lofty 30.4 percent, compared with the industry's 19.8 percent return.

> "However, the magazine sector did not grow as rapidly as the overall communications industry in terms of cashflow."

Sizing up both segments

Consumer magazines generally outperformed business magazines on measures of operating growth for 1985 and for the five-year period. The consumer publishers' five-year revenue grew at a 30 percent greater rate (8.4 percent versus 6.5 percent). For 1985 over 1984, the spread in growth rates was about the same—32 percent—as consumer publishers' revenue grew 8.7 percent versus 6.6 percent for business publishers.

Although business publishers outperformed consumer publishers in terms of five-year compound annual growth of operating income (9.3 percent versus 8.4 percent), consumer publishers pulled ahead on the basis of 1985 annual income growth. Their income contracted at a lesser rate (-7.9 percent versus -9.1 percent).

Consumer magazine publishers also led in cashflow growth, registering a 12.0 percent compound annual rate for the five years, compared with 10.7 percent for business magazine publishers. In 1985, consumer magazine publishing recorded 4.9 percent growth in cashflow (largely the result of increased CBS cashflow after the purchase of Ziff-Davis titles), while business magazine publishing cashflow declined 3.8 percent.

Business magazine publishing topped consumer magazine publishing, however, in terms of income and cashflow margin levels for 1985. The business publishers' income and cashflow margin levels in 1985 showed greater improvement from 1981's level. Their operating margin, for example, was 12.3 percent, compared with 9.4 percent for consumer magazines.

Business magazine publishing's return on assets was also higher. The difference is particularly noticeable on the operating income measure—3.6 percentage points.

Consumer publishers' performance

Consumer magazine publishers experienced 8.4 percent compound annual growth in operating income during the five-year period on the same amount of revenue growth. Consequently, their 1985 profit margin stood at its same (1981) level: 9.4 percent.

The publishers' 1985 operating results were down, reflecting advertising-page softness. Income actually declined 7.9 percent after a spectacu-

Magazine financial performance
1981-85

Classification	# of companies in segment	1985 asset turnover (times/yr.)	1985 operating income 85 vs. 81 margin change (points)	1985 operating income 1985 margin	1985 cashflow operating income 85 vs. 81 margin change (points)	1985 cashflow operating income 1985 margin
Business magazine segment	14	2.1	1.2	12.3%	2.0	14.3%
Consumer magazine segment	15	2.4	0.0	9.4%	1.5	12.3%
VS&A magazine sector totals	29	2.3	0.3	10.1%	1.6	12.9%
VS&A communications industry totals	319	1.0	1.5	14.8%	3.0	19.0%

***Magazines in 1984 made the most efficient use of their assets** of any of the 10 segments of the communications industry, based on return on assets and asset turnover measures. Their profit margins also improved for 1984 over 1980 more than the industry's margin did. Besides magazines, industry segments include broadcasting, cable and pay TV, business information services, newspaper publishing, book publishing, entertainment programming and distribution, recorded music, and advertising.*

Growth of leading consumer magazine publishers

Rank		Revenue (%)		Pretax operating income (%)		Pro forma operating cashflow	
1985 growth (%)	1	ACS Enterprises	300.0	Washington Post (Newsweek)	32.3	Historical Times	262.5
	2	Regal Communications	120.0	New York Times	21.4	CBS	28.6
	3	Baker Communications	66.7	Gambling Times	0.0	Washington Post (Newsweek)	28.5
5-year compound annual growth rate (%)	1	Advantage Companies	27.2	Washington Post (Newsweek)	20.3	Historical Times	34.0
	2	Historical Times	22.9	Time	14.6	Washington Post (Newsweek)	20.2
	3	Gambling Times	16.2	New York Times	7.7	Time	16.4

Performance leaders

Rank		1985 return on assets (%)		1985 margins (%)		81 vs. 85 margin change (points)	
Pretax operating income	1	Webb Co.	42.9	Time	11.9	Washington Post (Newsweek)	4.2
	2	Time	36.3	Meredith	10.4	Webb Co.	1.1
	3	Washington Post (Newsweek)	33.7	Webb Co.	9.5	Time	0.2

***Recent conventional wisdom to the contrary,** the growth and performance race is not always won by small companies—at least not in consumer magazine publishing. The Washington Post Co., fourth largest in the consumer magazine segment on the basis of 1985 revenue, appeared six times among the top-three consumer publishers when measured by nine financial measures. Close behind came giant Time Inc., with five appearances. Time only ranked first once, however. Its arch rival occupied the No. 1 spot three times—again, more than any other company.*

lar 41 percent increase in 1984 that doubled the communications industry rate that year, while 1985 revenue growth slowed to 8.7 percent from 9.4 percent the prior year. The publishers' operating income margin in 1985 eroded by 1.6 percentage points from 1984 (9.4 percent versus 11.0 percent).

Cashflow grew in 1985, but only by 4.9 percent—well under the five-year compound annual rate of 12.0 percent. The slowdown in growth came as the segment's cashflow margin fell by half a percentage point—to 12.3 percent.

This segment's ROA performance, however, was excellent. Its operating income return on assets for 1985, for example, was 22.6 percent. An investor might, in other words, expect to receive 23 cents for every $1 of book asset value in the business. Cashflow return on assets was 29.8 percent—some 51 percent higher than the industry average. In addition, the segment's 1985 assets turned over 2.4 times annually—about one and one-half times more rapidly than the industry's 1.0 rate.

Leading business publishers

Who's hot; who's not? Rankings of the leading companies in each magazine segment have been assembled for these measures, for both the five-year period and the 1985 period.

Among business magazine publishers, Dalton Communications, publisher of *Penny Stock Journal*, achieved 160.4 percent compound annual revenue growth, far outdistancing the rest. In second and third place were Plaza Communications, whose titles include *Registered Representative* and *Personal Investor*, with 44.3 percent, and United Newspapers, owner of Gralla, with 15.3 percent. Those rates compare with the VS&A Business Magazine Publishing segment composite of 6.5 percent and the VS&A Communications Industry composite of 13.7 percent.

In terms of five-year compound annual income growth, the leaders were American Broadcasting Companies (Hitchcock/Miller, etc.), with 68.5 percent, followed by Harcourt Brace Jovanovich (HBJ), with 27.3 percent, and Bill Communications, a privately held firm, with 13.5 percent. VS&A segment and Communications Industry composites were 9.3 percent and 16.7 percent, respectively.

Measured by 1985 revenue growth, American City Business Journals stood head and shoulders above the rest, with growth of 105.1 percent. Second was Plaza Communications, with 50.0 percent. Harcourt Brace Jovanovich was a distant third, with 15.1 percent. The VS&A segment composite was only 6.6 percent; the VS&A Communications Industry composite, 11.7 percent.

Based on 1985 operating income margins, the leaders were American City Business Journals, HBJ and McGraw-Hill, Inc., with 18.8 percent, 15.9 percent and 15.3 percent, respectively. All three bettered VS&A composites for the segment of 12.3 percent and for the industry of 14.8 percent.

OTC Stock Journal, which publishes the magazine of the same name, posted the best 1985 operating income return on assets (50.0 percent), followed by Pittway Corp. (Penton/IPC), with 45.7 percent, and then by HBJ (41.8 percent). Each easily exceeded the respective VS&A segment and industry composites of 26.2 percent and 15.4 percent.

"Who's hot; who's not? Which magazine publishers have been delivering standout performances on the test that, from an investment perspective, matters most—ROA?"

Leading consumer publishers

Among consumer magazine publishers, Advantage Companies Inc., a small Nashville publisher of several local interest magazines, ranked first in five-year compound annual revenue growth, with 27.2 percent. Close behind in second place was Historical Times, publisher of *Country Journal*, with 22.9 percent. Gambling Times, publisher of the same-named label, parlayed its way into third place, with 16.2 percent. Rates of all three topped the VS&A Consumer Magazine Publishing segment composite of 8.4 percent, and noticeably bettered the VS&A Communications Industry composite of 13.7 percent.

Looking at five-year compound annual income growth, the leaders were Washington Post Company (*Newsweek*), with a fast-paced 20.3 percent. Time Inc. filled the number-two spot, with 14.6 percent. The New York Times Company placed third, with 7.7 percent. VS&A segment and Communications Industry composites registered 8.4 percent and 16.7 percent, respectively.

When it came to 1985 revenue growth, ACS Enterprises, recent purchaser of *Home Viewer* and distributor of guides to video programming/home entertainment, swept into first place, with 300 percent growth. Regal Communications, publisher of *Lottery Players Magazine*, tallied a 120 percent growth rate to take second place. And Baker Communications, publisher of two regionally targeted lifestyle magazines—*Beverly Hills* and *Newport Beach*—ranked third, with 66.7 percent. All three surpassed the VS&A segment composite of 8.7 percent, as well as the VS&A Communications Industry composite of 11.7 percent.

Concerning 1985 operating income growth, the leader was once more The Washington Post Co. (32.3 percent), followed this time by The New York Times (21.4 percent). Gambling Times held the number-three position, with no growth (0.0 percent). By comparison, the segment posted a contraction in operating income (-7.9 percent), while the industry's income increased 12.7 percent.

As for 1984 operating income margins, the leaders proved to be three of the larger companies: Time Inc. (11.9 percent), Meredith Corp. (10.4 percent) and the Webb Company (9.5 percent). Their profit margins compared with VS&A composites and industry composites of 9.4 percent and 14.8 percent, respectively.

The Webb Company, classified in this segment on the strength of its consumer titles and contract publishing operations, although it also is a significant business publisher, achieved the best 1985 operating income return on assets, with an admirable 42.9 percent. (Webb recently agreed to be acquired by Robert Maxwell's British Printing & Communications Corporation, PLC). Time Inc. moved into second place, with an impressive 36.3 percent, and

Growth of leading business magazine publishers

Rank			Revenue (%)		Pretax operating income (%)		Pro forma operating cashflow (%)
1985 growth (%)	1	American City Business Jrnls.	105.1	American City Business Jrnls.	275.0	American City Business Jrnls.	240.0
	2	Plaza Communications	50.0	Dalton Communications	33.3	Dalton Communications	66.7
	3	Harcourt Brace Jovanovich	15.1	Harcourt Brace Jovanovich	11.2	Harcourt Brace Jovanovich	12.1
5-year compound annual growth rate (%)	1	Dalton Communications	160.4	ABC	68.5	ABC	51.4
	2	Plaza Communications	44.3	Harcourt Brace Jovanovich	27.3	Harcourt Brace Jovanovich	25.4
	3	United Newspapers (Gralla)	15.3	Bill Communications	13.5	Bill Communications	14.2

Performance leaders

Rank			1985 return on assets (%)		1985 margins (%)		81 vs. 85 margin change (points)
Pretax operating income	1	OTC Stock Journal	50.0	American City Business Jrnls.	18.8	ABC	9.4
	2	Pittway (Penton/IPC)	45.7	Harcourt Brace Jovanovich	15.9	Harcourt Brace Jovanovich	6.4
	3	Harcourt Brace Jovanovich	41.8	McGraw-Hill	15.3	Pittway (Penton/IPC)	0.2

American City Business Journals turned in the best growth among business magazine publishers last year in terms of revenue (105.1%), pretax operating income (275.0%) and operating cashflow (240.0%). It also ranked first in terms of operating income margins (18.8%). Only Harcourt Brace Jovanovich (HBJ) appeared among the top-three leaders more often on the basis of nine measures. HBJ made the cut eight times—but it never took top billing.

The Washington Post Co. followed close behind in third place with an excellent 33.7 percent. All three outperformed the VS&A segment composite of 26.2 percent, more than doubling the VS&A industry composite of 15.4 percent. The same three companies led, in the same order, on the measure of 1985 cashflow return on assets, with returns of 49.0 percent, 39.5 percent, and 39.2 percent.

The charts accompanying this article contain additional rankings of the leading publishers.

Segment rankings

How do the results for business and consumer magazine publishing compare with results for the other eight identified segments of the communications industry? These rankings are of particular interest to companies considering diversification.

Business and consumer magazine publishers ranked eighth and ninth, respectively, on the basis of five-year compound annual revenue growth. They also ranked in the bottom half of the 10-segment industry in terms of five-year compound annual operating income and cashflow growth. In addition, the two magazine segments appeared in the bottom half when it came to 1985 annual growth of revenue, operating income and operating cashflow.

In terms of improved 1985 margins—operating income and cashflow—over 1981 levels, the publishers again fell into the bottom half of the industry. For 1985, however, business magazine publisher profit and cashflow margins placed in the top half of the industry. But those same margins for consumer magazine publishers continued to be placed in the bottom half.

The two magazine segments shine when their returns on assets are considered for 1985—both operating income and cashflow. Business magazines ranked number two in the industry on both measures; consumer magazines, number three. That performance is sufficient to raise anticipation for better comparative growth rates on operating indicators for the sector and each magazine's segment for 1986.☐

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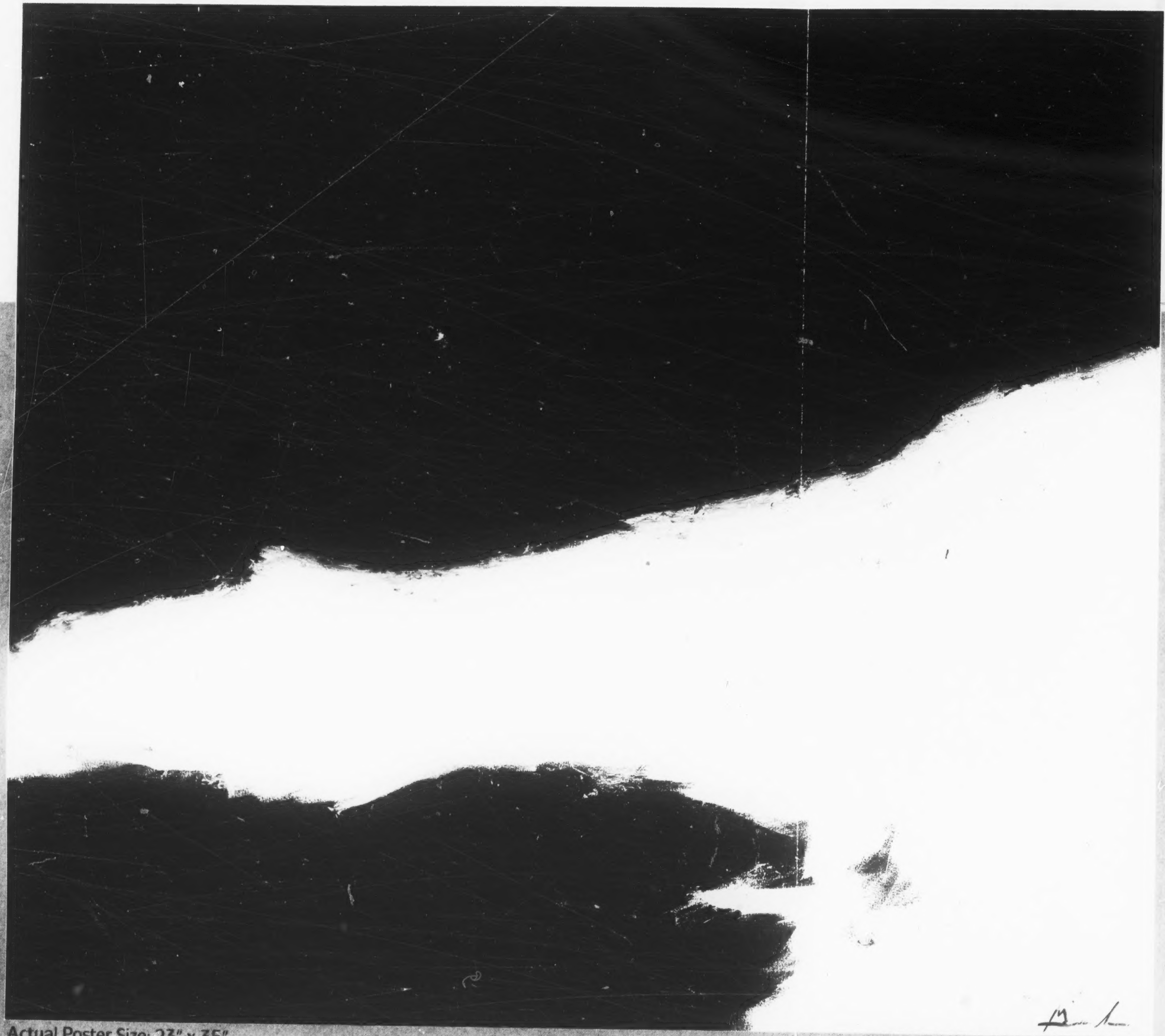

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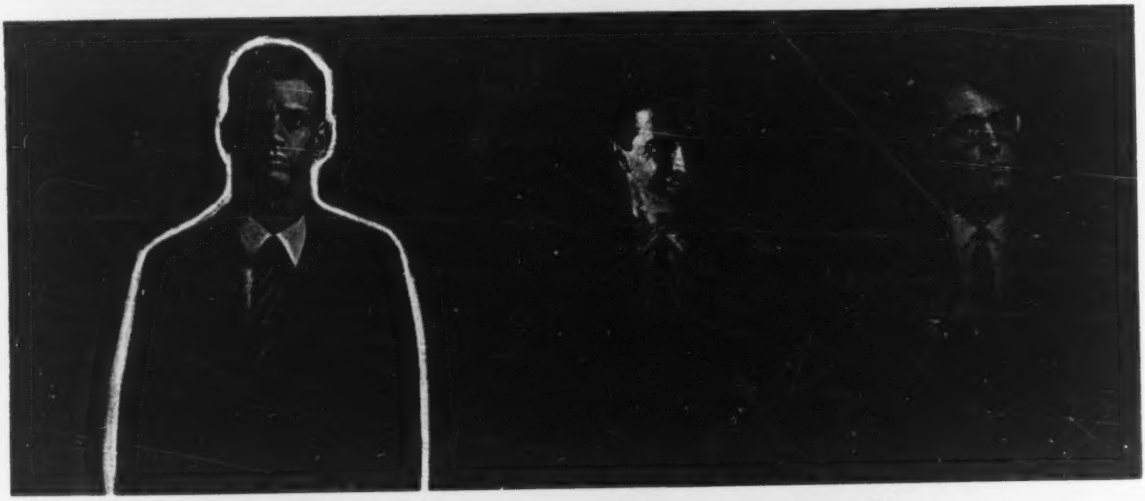


Recruiting top salespeople

Are you one of those executives who say, "I can't find qualified salespeople"? Then you can benefit from this article on planning and organizing the search. **92**

Spy walks on the wild side

With sharp, *very* sharp, wit, *Spy* pokes fun at New York City's rich, famous, elite and pseudo-elite. The irreverence belies its young founders' blue-chip backgrounds. **59**

SPY
LET'S PANIC!
THE 12 SCARIEST NEW YORKERS
SPY

Manufacturing modeling on PCs

A guide to production cost forecasting using your PC. Consultant Alex Brown presents three styles of production cost models that provide different levels of detail. **125**

Increase your mailing list profitability

The following 10 tips on selecting the right mailing list and using it to best advantage should be read before you drop one more piece of mail at the post office. **136**

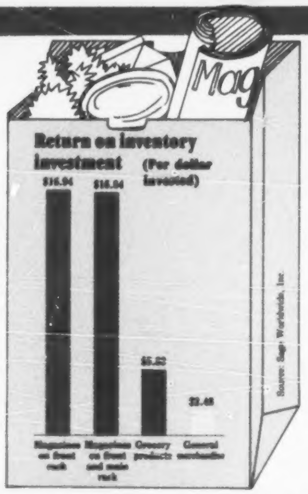
Editorial and Design Awards
you can win

Complete information on 76 editorial and design awards for magazines. **98**

April 1987

Magazines fare well in study of scanned supermarket data 23

Magazines' return on inventory investment is three times greater than that of grocery products, and seven times that of general merchandise, according to a new study of a major supermarket chain conducted by Ogilvy & Mather's Sage Worldwide.



Source: Sage Worldwide, Inc.

Ad pages: Reasons for optimism 156

From an advertiser's standpoint, magazines are unmatched in one particular area, and that's why they will once again thrive, says Newsweek vice president Arthur Karlan.

Circulators on circulation, Part 2 110

Are we conditioning readers to believe magazines are too expensive? What happens when you raise rates? Top circulators discuss these issues and much more in this second of two articles based on a FOLIO: circulation roundtable.

PIB ad revenue up 3.3% for 1986 23

Despite a record ad revenue total, consumer magazines reporting to Publishers Information Bureau dropped 1.4% in pages last year—the second consecutive yearly decline.

Business publishers tackle video 31

In response to the video boom, firms such as Maclean Hunter, McGraw-Hill and Lebhar-Friedman are marketing videos to their target audiences.

Weak dollar lifts int'l s/c sales 19

American magazines abroad are beginning to see a rebound in single-copy sales as the sinking dollar takes cover prices down with it.

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OVERSIZE FOLDOUT(S) FOUND HERE IN THE PRINTED EDITION OF THIS VOLUME ARE FOUND FOLLOWING THE LAST PAGE OF TEXT IN THIS MICROFICHE EDITION.

SEE FOLDOUT NO 1

Magazines fare well in study of scanned supermarket data

Analysis compares magazines' contributions to those of groceries, general merchandise

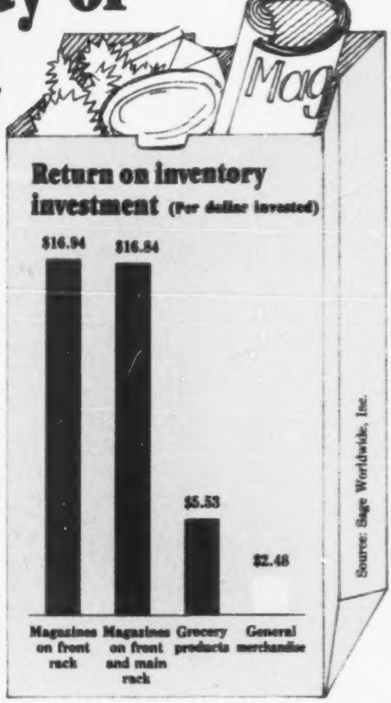
Magazines fared well in a recently conducted study of supermarket sales data generated through electronic scanning, according to a new small-scale analysis by Sage Worldwide Inc., an operating group of Ogilvy & Mather.

Since it was introduced several years ago, electronic scanning of UPC codes has enabled supermarkets to move products, including magazines, more quickly through checkouts and to accumulate a tremendous amount of information on product sales. Retailers, however, are still groping for ways to put the voluminous data to practical use—and their suppliers are still unsure how the data will affect them.

The analysis by Sage Worldwide of scanned data collected by a major Southern California-based supermarket chain (which Sage declined to identify) provides evidence that magazines are an extremely viable product for supermarketers.

The study includes information on sales; turnover and return on inventory investment for magazines versus grocery products (nonperishable foods) and general merchandise; best-selling titles on the front end (checkout) and mainline racks; and consumer buying patterns. The study was based on

(CONTINUED ON PAGE 54)



Source: Sage Worldwide, Inc.

Ad revenue up 3.3%, pages down 1.4% for '86

Final PIB report shows seven of nine categories lost ad pages; fashion/service titles fared best

New York City—As a group, the 147 magazines studied by the Publishers Information Bureau (PIB) saw a 3.3 percent increase in 1986 advertising revenue over 1985, for a record revenue total of $5,120,345,209. That increase came despite a 1.4 percent decrease in ad pages for the year, to 152,643.17.

Six of the nine magazine categories studied showed revenue increases, despite ad page losses in seven categories. This is the second year in a row that ad pages have declined, although 1986 pages did not show as dramatic a drop as the 3.3 percent fall in 1985.

The fashion and service category finished the year with the most outstanding performance: up 14.5 percent in ad revenue over 1985 and 13.1 percent in pages. *Glamour*, the leading magazine in this category, reported a 10.7 percent revenue increase on a 1.5 percent increase in pages. *Mademoiselle* showed considerable growth as well, with an 8.8 percent jump in ad pages and a 17.5 percent increase in revenue.

At the other extreme, the mechanics and science category suffered the greatest decline in ad revenue for the year, down an average of 8.6 percent. All three titles in the category, *Home*

Magazines ranked by advertising pages: 1986

1986 rank	1985 rank	Publication	Pages	% change from 1985
1	1	*Business Week*	3898.17	– 7.6
2	2	*People*	3762.06	– 2.7
3	4	*TV Guide*	3565.82	– 2.8
4	3	*Forbes*	3418.62	– 7.9
5	6	*Vogue*	3191.91	– 1.7
6	7	*New York Magazine*	3121.53	– 0.9
7	5	*Fortune*	2907.92	–11.2
8	9	*Sports Illustrated*	2709.90	– 2.7
9	8	*The New Yorker*	2683.33	–10.5
10	11	*Time*	2582.08	– 4.2

Source: Publishers Information Bureau

Advertising page totals declined *for every magazine among PIB's 1986 top-10 page sellers compared to 1985. Changes in rank were minor, however.* Fortune *suffered the greatest decline while* Time *replaced* Newsweek *in the No. 10 position.*

Magazines ranked by advertising revenue: 1986

1986 rank	1985 rank	Publication	Revenue	% change from 1985
1	1	*Time*	$344,780,783	– 0.5
2	2	*TV Guide*	318,074,967	+ 1.3
3	3	*People*	267,694,013	+ 6.8
4	5	*Sports Illustrated*	247,413,631	+ 4.2
5	4	*Newsweek*	238,364,889	– 3.6
6	6	*Business Week*	166,617,226	– 1.5
7	8	*Good Housekeeping*	144,992,240	+ 1.8
8	7	*Family Circle*	141,639,104	– 2.8
9	9	*Better Homes and Gardens*	129,845,029	+ 5.3
10	13	*Woman's Day*	123,549,594	+15.1

Source: Publishers Information Bureau

The leader in ad revenue growth *for 1986 over 1985 was* Woman's Day, *jumping 15.1 percent and three positions, to No. 10.* People *and* Better Homes and Gardens *experienced respectable gains as well, but the majority of the top 10 saw modest gains and losses.*

Mechanix, Popular Mechanics and *Popular Science*, experienced revenue declines, although the latter two saw pages sold increase slightly.

The home category turned in the second highest results, although ad revenue rose a moderate 5.1 percent. Pages sold for the group of 19 publications dropped by 2.1 percent. *Better Homes and Gardens*, by far the revenue leader, improved ad income by 5.3 percent, but page sales dropped 1.2 percent. *Architectural Digest*, the leader in total pages, experienced a 0.9 percent decrease in that area. *Country Living* and *Southern Living* made significant gains in ad revenue—19.8 percent and 7.5 percent, respectively.

Growth for women's magazines slowed compared to the 1985 PIB totals, with a 4.6 percent gain in ad revenue for 1986 and a 2.8 percent increase in ad pages. Revenue growth for 1985 for the 21 magazines in the group averaged 7.6 percent. *New Woman* again reported the strongest growth (49.3 percent in ad revenue and 30.8 percent in pages), but *McCall's* experienced a 17.1 percent decline in ad revenue and an ad page drop of 0.5 percent.

In the general interest category, consisting of 65 titles, revenue increased by an average of 4.2 percent, although pages sold declined by 2.9 percent. *Sylvia Porter's Personal Finance Magazine* showed the greatest revenue growth at 87.7 percent. *Vanity Fair* experienced a 69.7 percent gain. Other significant gainers included *Connoisseur* (34.1 percent), *Family Computing* (30.2 percent), *Signature* (35.2 percent), *50 Plus* (41.1 percent) and *Gallery* (48 percent).

Weeklies and biweeklies had another lackluster year, with ad revenue growth of only 2.2 percent and a page decline of 2.0 percent. *Rolling Stone*, however, finished with the strongest revenue gain (40.1 percent) and the greatest increase in ad pages (23.1 percent). *Us* and *National Journal* also gained substantial ground with revenue gains of 36.9 percent and 39.0 percent, respectively. *The New Yorker* dropped 12.1 percent in ad revenue on 10.5 percent fewer ad pages sold.

Financial World up 54%

The business category, a star performer three years ago, suffered its second year of decline, this time dropping 1.4 percent in ad revenue and 6.6 percent in ad pages. Eleven of the 15 magazines studied showed decreases in pages sold. Nine experienced revenue declines. *Financial World* again showed spectacular ad revenue growth—up 53.8 percent. *Industry Week* was also up, 13.5 percent.

Outdoor and sports magazines held their own with revenue growth of 0.5 percent. *Sports Afield* suffered major downturns in both ad revenue (-22.9 percent) and ad pages (-18.7); *Field & Stream* experienced moderate growth; and *Outdoor Life* saw ad revenue increase by 8.5 percent.

The youth category consists only of *Boys' Life*, which suffered a 9.1 percent drop in ad pages and a 5.8 percent shortfall in ad revenues.

Ad pages for newspaper supplements rose by 3.8 percent for the year; revenue remained essentially flat. The *Los Angeles Times'* revamped magazine supplement doubled its ad revenue (103.8 percent) on a similar rate of gain in ad pages, while *USA Weekend* revenue declined 22.0 percent.☐

protested the proposed rules. They were called "regulatory overkill" by Lee Epstein, postal operations committee chairman, Third Class Mailers Association (TCMA). A TCMA statement claimed the proposed rules abridged the third class mail industry's creative freedom. The USPS, however, argued that postal workers were confused by the "look alikes" and often were giving them special treatment.

The new rules do not outlaw "look alike" designs or the use of words such as urgent or overnight. But they do call for better identification of the third class permit imprint. The words "Bulk rate," and "Non prfit ogr" (nonprofit organization), must be more noticeable in the permit imprint. Mailers can do this by boldfacing, capitalizing or underlining these words, explains Edmund Wronski, program manager for the USPS' office of classification and rates administration.

TO:
EXTREMELY IMPORTANT
U.S. MESSAGE SERVICE
HAND DELIVER ONLY
BULK RATE
US Postage Paid
Stamford, CT
Permit #000

***The USPS now insists** that third class mailers highlight "Bulk rate" in the indicia. Capitalizing and underlining will do.*

To make the imprint more visible, the new rules also call for a clear space of no less than three-eighths of an inch around the entire imprint.

The special treatment of the permit imprint should end the problems postal workers were having distinguishing "look alikes" from legitimate overnight and first class mail.☐

Travel & Leisure: Top title for freelancers

Writer's Digest survey identifies who pays well, who treats writers best

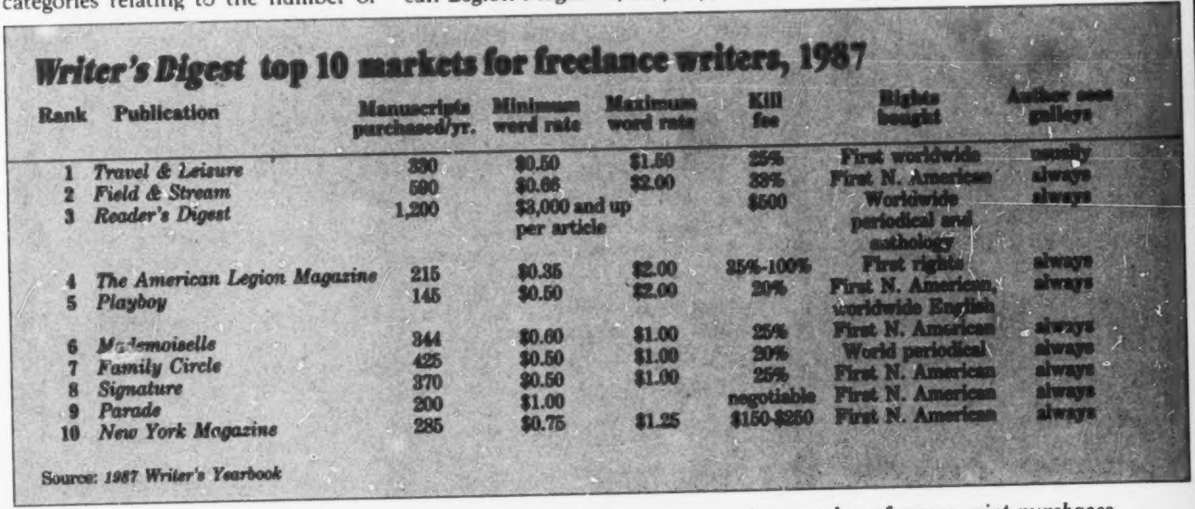
Cincinnati—For the second year in a row, *Travel & Leisure* earned the No. 1 rank in *Writer's Digest*'s annual survey of the top-100 markets for nonfiction freelance writers. Published in the magazine's *1987 Writer's Digest Yearbook*, the survey judges magazines according to their performance in 20 categories relating to the number of manuscripts they buy each year, their contract policies, and the quality of their treatment of freelancers.

Compared to last year's survey, changes in the rankings were considerable. Aside from *Travel & Leisure*, *Mademoiselle* was the only title among last year's top-10 to move up—from No. 9 to No. 6. Six of the most highly rated titles of 1986 dropped out of the top-10 positions this year.

Writer's Digest's new top-10, in order, are *Travel & Leisure, Field & Stream, Reader's Digest, The American Legion Magazine, Playboy, Mademoiselle, Family Circle, Signature, Parade* and *New York Magazine*.

The survey helps freelancers identify markets they may want to write for, and gives them an idea of what to anticipate from a magazine. The information is compiled from questionnaires mailed to about 400 consumer magazine editors. Performance in each of the 20 categories is tallied against a point-value system. The total points earned determines final placement.

Some findings for this year's survey, compiled by *Writer's Digest* managing editor Thomas Clark, in-



***Writer's Digest* top 10 markets for freelance writers, 1987**

Rank	Publication	Manuscripts purchased/yr.	Minimum word rate	Maximum word rate	Kill fee	Rights bought	Author sees galleys
1	*Travel & Leisure*	330	$0.50	$1.50	25%	First worldwide	usually
2	*Field & Stream*	590	$0.66	$2.00	33%	First N. American	always
3	*Reader's Digest*	1,200	$3,000 and up per article		$500	Worldwide periodical and anthology	always
4	*The American Legion Magazine*	215	$0.35	$2.00	25%-100%	First rights	always
5	*Playboy*	145	$0.50	$2.00	20%	First N. American, worldwide English	always
6	*Mademoiselle*	344	$0.60	$1.00	25%	First N. American	always
7	*Family Circle*	425	$0.50	$1.00	20%	World periodical	always
8	*Signature*	370	$0.50	$1.00	25%	First N. American	always
9	*Parade*	200	$1.00		negotiable	First N. American	always
10	*New York Magazine*	285	$0.75	$1.25	$150-$250	First N. American	always

Source: *1987 Writer's Yearbook*

***The freelancers' top magazines** were ranked by such categories as pay rates, number of manuscript purchases, promptness of payment and rights purchased.* Writer's Digest *awarded bonus points for a magazine's reputation for treating freelancers especially well and for the prestige of being published in that magazine.*

clude the following:

- The number of manuscripts purchased each year varies widely from magazine to magazine, especially for departments and columns. However, Clark says, monthlies purchase an average of four or five feature manuscripts per issue.
- Payment averages between 50 cents and $1 per word for most magazines included in the top-100. However, top-10 magazines such as *Field & Stream, American Legion* and *Playboy* pay as much as $2 per word. A general rule for magazines outside the top-10 is that the more manuscripts a magazine buys, the less it pays.
- Nearly all freelance articles are written on assignment, and upward of 90 percent of magazines pay on acceptance.
- Kill fees average 10 percent to 30 percent. A few magazines pay flat fees.
- First North American serial rights are most commonly purchased by magazines, although some with broad international circulation may purchase first worldwide rights or something similar.
- About 80 percent of the magazines surveyed allow the author to review galley proofs or edited manuscripts.☐

Electronic publishing: A long-term investment?

Some database operations turn a profit in a few years; others require longer waiting period

Electronic publishing—sending information collected in a database over telephone lines to personal computers or printers—is gradually becoming attractive to magazine publishers, particularly business magazine publishers who accumulate time-sensitive information used by executives in day-to-day decision making. But the thorny question remains: How quickly will electronic publishing operations become profitable?

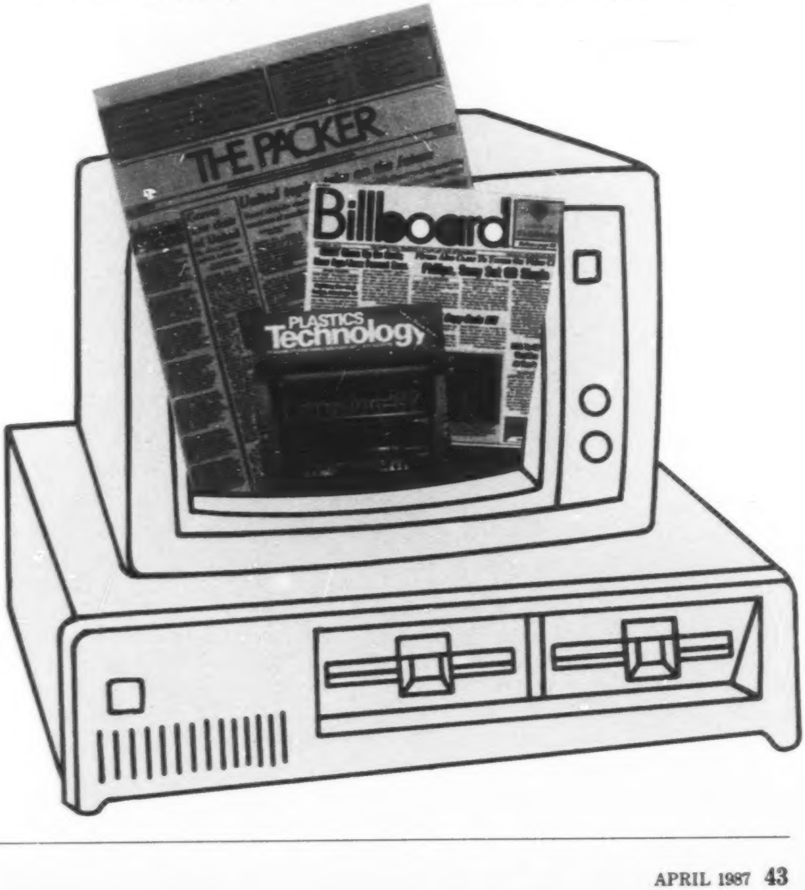
Two business magazine publishers who launched electronic publishing networks within the last few years have not yet made a profit, but a publisher who started the service in 1984 was able to enter the black within two years.

Vance Publishing Corporation, Kansas-based publisher of *The Packer*, a weekly newspaper covering the fresh fruit and vegetable industry, launched ProNet, an electronic publishing operation, in March 1985. As a supplement to *The Packer*, ProNet furnishes late-breaking industry news, price and product availability reports, weather reports and credit ratings, as well as an "electronic mail" service, to subscribers (mostly produce industry executives who already receive *The Packer*). Datapress, a Hartford, Connecticut-based consulting and computer service company, receives the information gathered by ProNet in its mainframe computer and disseminates it to subscribers. Datapress is headed by H. Alex Vance, formerly with Vance Publishing.

ProNet charges subscribers a $100 hookup fee, a flat charge of $80 per month and $45 per hour for time on the system exceeding 90 minutes. Revenue derived from subscribers is shared by ProNet and Datapress, says Vance, although he declined to divulge the split.

Up to $500,000 to launch

Vance estimates that an electronic publishing service that collects information from outside sources and has a modest promotion department would require a start-up budget of between $250,000 and $500,000. He stresses that electronic publishing, being fairly new, "has to be sold to people," and requires



When speed counts: *Electronic publishing services run by these three publications offer time-sensitive information needed by business executives in making day-to-day decisions.*

Let a rep buy the lunch!

CHARGING AHEAD

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Cosmo still campus best seller

Women's magazines are most popular, survey of college stores reveals

■ *Cosmopolitan* topped the list of best-selling magazines in college stores for the eighth time in nine years, according to *College Store Executive*'s 1986 survey of college store managers. Women's magazines as a group fared well in the survey; four of the top-10 best-selling titles were in the women's category.

"Women's magazines have always been popular in this market," says Catherine Orobona, editor of *College Store Executive*. "But within the past two to three years women's lifestyle [magazines], as well as home and family titles, have made a particularly strong showing in the survey. We feel this illustrates the changing demographics of the student population as well as a change in attitude among female students."

The list of the top-10 magazines sold in college stores for 1986 is similar to past years' (*see chart*). One change is that *Gentlemen's Quarterly*, dropped from the list in 1985, is back on, finishing ninth last year.

The survey also revealed that more

Top 10 best sellers in college stores

1986	1985
1. *Cosmopolitan*	1. *Cosmopolitan*
2. *Glamour*	2. *Glamour*
3. *Vogue*	3. *Time*
4. *People*	4. *People*
5. *Time*	5. *Playboy*
6. *Playboy*	6. *Penthouse*
7. *Newsweek*	7. *Vogue*
8. *TV Guide* *Penthouse*	8. *Mademoiselle*
9. *Gentlemen's Quarterly*	9. *Newsweek*
10. *Mademoiselle*	10. *TV Guide*

Source: *College Store Executive*

***Women's magazines** take four of the top 10 spots on the best-seller list.*

than one-half (50.4 percent) of college stores sell magazines. Of college stores with annual sales of more than $1 million, 75.3 percent sell magazines; 41.6 percent of stores with annual sales of less than $1 million do so. The Northwest has more college stores that sell magazines than any other U.S. region (62.1 percent), followed by the Northeast (55.1 percent), Central (48.6 percent), Southeast (40.2 percent) and Southwest (31.4 percent).

Individual titles were ranked by the percentage of college stores that carry them. The top-10 titles are as follows: *Cosmopolitan* (88.7 percent); *Glamour* (84 percent); *Newsweek* (82.8 percent); *Time* (81.3 percent); *People* (77.3 percent); *Vogue* (75.4 percent); *Rolling Stone* (73.1 percent); *Gentlemen's Quarterly* (71.9 percent); *Omni* (71.5 percent); and *Life* (70.3 percent).

The women's lifestyle category led all others in terms of the percentage of stores carrying these titles (96.5 percent). Other categories, and the percentages of stores in which they are sold, include arts/entertainment/humor (95.3 percent), sports/outdoor/cars (92.2 percent), business/news (93 percent), science (87.1 percent), home and family (86.7 percent), social/literary (84 percent), specialty (82.8 percent), computer/electronics (79.3 percent), food/nutrition/health (78.9 percent), men's lifestyles (78.9 percent) and adult sophisticates (48.8 percent). The percentages are not substantially different from last year's survey.

College Store Executive reports that the Attorney General's Commission on Pornography had relatively little impact on the college store market. Sixty-eight percent of responding college store managers said they experienced "no adverse effect" from the Commission's report, which had a chilling effect on sales of such titles as *Playboy* and *Penthouse* in many other retail outlets across the country. The adult sophisticates category does, however, represent the smallest class of magazines sold in college stores.

In addition to magazines, 27 percent of all college stores sell local newspapers, the survey showed. National newspapers were carried by a smaller percentage of stores. Only 8 percent said they stocked comic books.

The survey was answered by 15.9 percent of the 3,555 college stores to which it was sent.☐

72% of monthlies delivered late

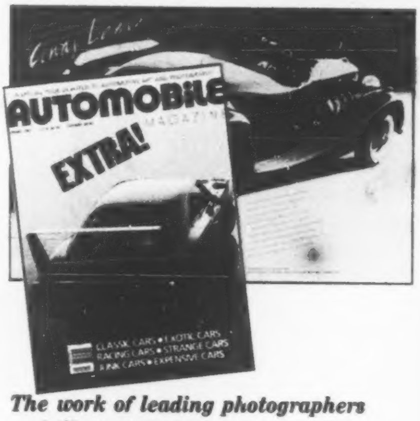
The improvement in delivery of monthly second class publications slowed in fourth quarter 1986, when 72 percent of publications were delivered late. Late deliveries had declined from 78 percent in the first quarter to 74 percent in the second quarter and 72 percent in the third.

Publications delivery box score:
Monthly publications, October–December 1986

City	Better than USPS standard	Service standard	1-6 days late	Later
Composite average*	**6%**	**22%**	**59%**	**13%**
Boston (Area 021)	2	12	74	12
New York (Area 100)	5	23	64	8
Buffalo	0	41	27	32
Pittsburgh	8	33	47	12
Philadelphia	5	2	63	30
Washington, D.C.	0	16	48	36
Atlanta	1	18	59	22
Miami	32	18	40	10
Memphis	6	14	63	17
Cincinnati	8	26	52	14
Detroit	0	20	74	6
Milwaukee	3	27	53	17
Minneapolis	4	38	46	12
Chicago	6	19	59	16
New Orleans	0	30	61	9
Dallas	9	27	53	11
Houston	17	28	48	7
Denver	7	35	50	8
Los Angeles	0	14	64	22
San Francisco	13	34	45	8
Seattle	22	37	41	0

*including other U.S. cities and SCFs not listed.
Source: Red Tag News Publications Association, Inc.

Extra! The car as art


AUTOMOBILE MAGAZINE
EXTRA!
CLASSIC CARS • EXOTIC CARS
RACING CARS • STRANGE CARS
JUNK CARS • EXPENSIVE CARS

The work of leading photographers and illustrators is featured in* The Automobile Magazine Extra!, *a celebration of the car as art.

David E. Davis Jr. doesn't just like cars, he worships them—and nowhere is that more apparent than in *The Automobile Magazine Extra!*, a special edition of his one-year-old magazine. Consisting entirely of four-color art and photography, the issue depicts cars of various generations, makes, purposes and conditions as art objects.

The special, released earlier this year, grew out of a six- to 10-page section of art and photography in the monthly magazine called "Non Sequitur," so named, editor/publisher Davis explains in his introduction to *Extra!*, because it appears as a "surprising graphic interjection, an artistic statement coming out of left field." Since readers reacted positively to the section, Davis continues, "we decided to . . . turn it into a full-fledged one-shot celebration of automotive art." One hundred ten pages of it, from Formula 1 drag racers to vintage Bentleys to junk heaps.

The sole advertiser in *Extra!* was the Dodge Car and Truck Division of Chrysler Motors. The issue was mailed free to subscribers and distributed on newsstands at a cover price of $2.50, the same as *Automobile Magazine*.

Davis is a well-known, flamboyant figure in automotive circles. A former Detroit executive, he launched *Automobile* last year after abruptly quitting his post as editor and publisher of *Car & Driver*—reportedly in anger over CBS Inc.'s lawsuit against Ziff-Davis Publishing Co., from which CBS had purchased *Car & Driver* and 11 other titles. *Automobile* is part of the Murdoch Magazines stable.☐

48% of weeklies delivered late

The percentage of weekly publications delivered late during fourth quarter 1986 was 48 percent, down slightly from the 49 percent mark registered in the second and third quarters. Pittsburgh showed the most radical improvement, with on-time delivery rising to 61 percent from 47 percent in the previous quarter.

Publications delivery box score:
Weekly publications, October—December 1986

City	On time	1 day late	Later
Composite average*	**52%**	**28%**	**20%**
Boston (Area 021)	51	29	20
New York (Area 100)	51	31	18
Buffalo	61	26	13
Pittsburgh	61	23	16
Philadelphia	39	36	25
Washington, D.C.	45	28	27
Atlanta	46	27	27
Miami	55	27	18
Memphis	55	23	22
Cincinnati	51	36	13
Detroit	70	24	6
Milwaukee	60	24	16
Minneapolis	67	25	8
Chicago	59	29	12
New Orleans	26	28	46
Dallas	44	34	22
Houston	34	36	30
Denver	39	36	25
Los Angeles	65	20	15
San Francisco	58	18	24
Seattle	61	23	16

*Including other U.S. cities and SCFs not listed.
Data based on experience of 33 weekly business and consumer publications accounting for 1,[illegible]0,000 copies in the mail each week and predicated on delivery as newspapers. Most publications monitored maintain multiple additional entries and air freight to post office of entry.
Source: Red Tag News Publications Association, Inc.

Magazines fare well

(CONTINUED FROM PAGE 23)

scanned data collected during a one-year period at 15 stores, a representative sampling of the chain's nearly 200 stores, according to Michael Carey, senior partner, Sage Worldwide.

Some of the study's key findings:

- Magazines sold at the checkout yield a return on inventory investment of $16.94 (per dollar invested), about three times greater than that of supermarket grocery products, and about seven times greater than that of general merchandise. Moreover, the return is virtually the same when magazines are sold at both front and main racks ($16.84 per dollar invested). "You would expect the return on investment to decline" when a main rack of magazines is added since it holds three to four times as many magazines as the front rack, notes Carey. Sage advised the supermarket chain whose data it analyzed that, by installing main racks in the 65 stores that didn't have them, yearly sales could increase by $1 million and gross profit by $300,000.
- Magazines located on front racks average 45 turns per year; those on the front and main racks have a combined turnover of 36 times per year. These rates are significantly higher than that for grocery products, which turn over 25 times per year. Compared to general merchandise products, front rack magazines have nine times greater turnover rate; the turnover rate for magazines on both the front and main racks is about seven times greater.
- The top-10 best-selling titles on the studied supermarket's front rack are, in order, *TV Guide, Women's Day, Family Circle, People, National Enquirer, The Star, Globe, Vogue*, a regional title Sage declined to name to protect the store's identity, and *Glamour*. The top-10 best-selling titles on the main rack are *TV Guide, Family Circle, Woman's Day, People, National Enquirer, The Star, Glamour, Globe, Vogue* and *Good Housekeeping*.

Carey adds that six titles represent 80 percent of unit sales on the front racks, and 14 titles constitute 80 percent to 90 percent of unit sales on the main and front racks. In addition, there are an average of 30 titles sold weekly on the front rack and an average of 85 titles sold weekly on the front and main rack.

- One of every 10 customers includes a magazine in a supermarket purchase.
- Magazines sold at front and main racks constitute almost one-half (.46) of 1 percent of store dollar sales. This surpassed store sales of general merchandise such as greeting cards, hosiery and socks, and light bulbs, based on figures for those products compiled by A. C. Nielsen.
- Magazine sales are a function of average income in a marketing area. Lower income areas have the lowest average unit sales.

Sage hopes to perform an analysis of other supermarket chains, although the data collected in the first study should match that obtained from other supermarkets "plus or minus 10 per-to $5 million for the sports title.

Rodale was first interested in buying *The Runner* when CBS acquired the magazine as part of its buy of Ziff-Davis Publishing Co.'s consumer titles at the end of 1984, says Robert Teufel, president of Rodale. Instead, Rodale bought *Runner's World* from Runner's World Magazine Company for a reported $10 million in mid-1985.

The latest acquisition took shape when CBS approached Rodale at the end of last year to see if Rodale was interested in buying *The Runner*, says George Hirsch, the title's publisher and founder. Hirsch will join Rodale as group publisher of its "active sports network," which includes *Cross Country Skier* and *Bicycling*.

The two monthly titles on running have suffered ad page and ad revenue declines, says Hirsch. *The Runner*, now nine years old, ran 360.8 ad pages last year, down 16.4 percent from the year before, according to Hirsch. The 20-year-old *Runner's World* dropped 25.1 percent in ad pages last year, to 376.45 pages, according to Publishers Information Bureau (PIB).

The Runner's ad revenue was $3.927 million last year, down 9.9 percent compared to 1985, according to the publisher's estimate. *Runner's World*'s ad revenues were down 31 percent to $3.861 million, according to PIB.

The magazines' ad drop is the result of cutbacks in the ad budgets of some makers of running shoes, says Hirsch, as well as moves by some advertisers to broader interest magazines.

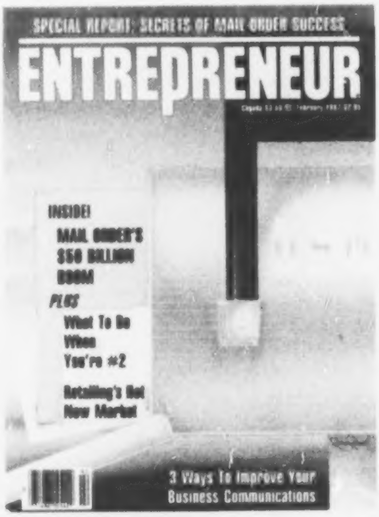
One magazine serving the market, instead of two, is expected to help the situation, he explains. The new rate base will be 420,000 paid starting in June. Both monthlies had a rate base of 275,000 paid. The merged titles will carry the name *Runner's World*.☐

Advertisers buy share of Entrepreneur

New owners buy in as *Entrepreneur* publisher emerges from Chapter 11

Los Angeles—What do a franchised window treatment business and *Entrepreneur* have in common? Ownership. Three businessmen who own Stained Glass Overlay, a window decoration business with 300 franchises, have bought 62 percent of Entrepreneur Group, Inc. (EGI), the publishing company that produces *Entrepreneur* and 250 related business start-up manuals. The three paid $3.5 million for their share of EGI.

Stained Glass Overlay began buying ad space in *Entrepreneur* in 1983, explains Barry Rupp, member of the franchised company's management and EGI's new chairman and chief executive officer. In three years the company grew from 70 to 300 franchises, and Rupp attributes this growth largely to response from *Entrepreneur* readers. That aroused the trio's interest in buying EGI, says Rupp.



Pulling **Entrepreneur** ***out of bankruptcy meant revamping marketing strategy.***

The group had their sights on the 62 percent owned by Chase Revel, former chief operating officer of EGI, who left that position in 1983. They could not buy the majority interest right away, however, because EGI was operating under Chapter 11 bankruptcy status. The company filed for Chapter 11 in 1983 and did not complete paying off creditors until December 1986. Until it recovered from bankruptcy, Revel's stock could not be sold, explains Wellington Ewen, president and publisher of EGI. Ewen has been running the company since 1984.

During the last three years Ewen has revamped EGI's marketing and advertising strategy. "There were a lot of excesses," he explains. EGI had been advertising its business manuals in major magazines and newspapers and on television. Ewen found that the most effective way to sell the products, however, was through a catalog.

EGI also increased newsstand distribution of the magazine, which has a total 200,000 paid circulation.

Now that the new ownership is settled, EGI is applying for Audit Bureau of Circulations membership and is completing its first Simmons Market Research Bureau readership study.

These efforts will give *Entrepreneur* a better chance of attracting national advertisers, says Rupp. The magazine's current advertisers are franchise operators, individuals selling business opportunities and manufacturers of office products.

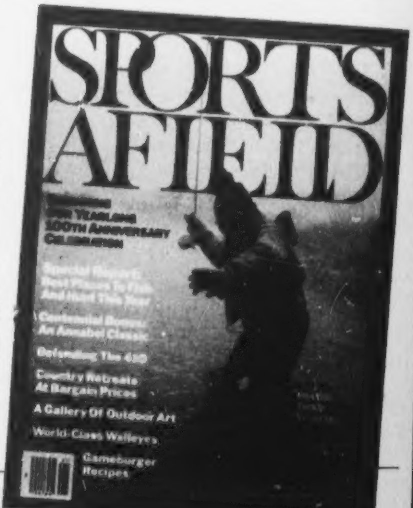
Entrepreneur ran 460 pages of advertising last year, a 49.1 percent increase over 1985, says Ewen.☐

Sports Afield celebrates 100th anniversary

Sports Afield celebrates its 100th anniversary this year, becoming Hearst Magazines' fifth title to reach the centennial mark. It joins *Town & Country, Harper's Bazaar, Good Housekeeping* and *Cosmopolitan*.

Sports Afield will celebrate its anniversary all year; each issue will contain editorial devoted to the history of the magazine and its topics—hunting and fishing. The October issue will be

A year-long celebration is already underway at **Sports Afield.**



the commemorative issue, containing special features on outdoor painting and wildlife photography, as well as a special anniversary edition of *Sports Afield Almanac.*

Some advertisers observed their own anniversaries in a special section of January *Sports Afield*, which contained advertiser-related editorial. The issue carried 133.64 ad pages—a single issue record for the title.

This month's issue features a sweepstakes, the largest prize being $10,000; and some advertisers will be giving away merchandise.

Sports Afield's circulation is 500,000 paid.☐

20 titles that are a century old

Magazine	Year established
The Saturday Evening Post	1728
Scientific American	1845
Town & Country	1846
Harper's Magazine	1850
The Atlantic	1857
The Nation	1865
Harper's Bazaar	1867
Popular Science	1872
American Field	1874
Thoroughbred Record	1875
McCall's	1876
Capper's Weekly	1879
Grit	1882
Ladies' Home Journal	1883
American Rifleman	1885
Good Housekeeping	1885
B'nai B'rith International Jewish Monthly	1886
Cosmopolitan	1886
The Sporting News	1886
Sports Afield	1887

Hearst titles highlighted in yellow.
Source: The Magazine Publishers Association. Compiled from established dates published in the consumer Standard Rate and Data Service.

An elite club: Magazines that are 100 years or older. Hearst has five titles that have reached a centennial.

Soap Opera Digest gets new owner

The Providence Journal Company, Providence, Rhode Island, has sold its subsidiary, Network Publishing Corporation. Network publishes the biweekly, *Soap Opera Digest*. Gerry Ritterman, former publishing consultant to Network, is now president and sole owner of the company. Terms of the deal were not disclosed.

Providence had been looking for a buyer since May of last year. Over the course of bidding, eight parties made offers for Network, including former *Soap Opera Digest* publisher Marc Liu.

Soap Opera Digest was launched in 1975. Circulation is 765,000 paid.☐

New Magazines

Convenient Automotive Services Retailer

RETAILER
QUICK LUBES AND CARWASHING
The Perfect Marriage?

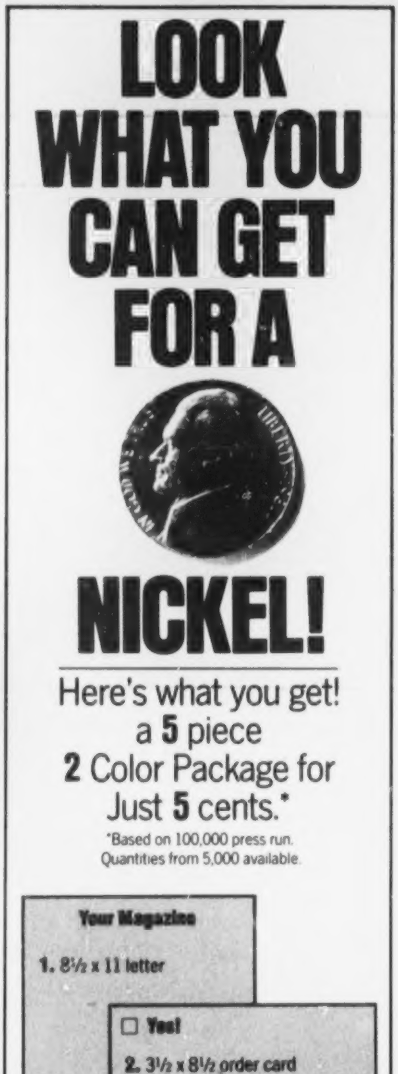
Convenient Automotive Services Retailer made its premier in January as a bimonthly of National Trade Publications, Inc. The title targets owners and managers of lubrication and tune-up centers performing services while the customer waits. Editorial includes management profiles and new product information. National Trade also publishes *Professional Car Washing & Detailing*. Initial circulation: 7,300 nonpaid. A subscription costs $18. Cover price: $4. Ad rate: $1,200 for a black-and-white page. Publisher: Humphrey S. Tyler. Editor: Lois Mignano. Address: 8 Stanley Circle, Latham, N. Y. 12110. Telephone: 518-783-1281.

American Journal of Cardiac Imaging

American Journal of Cardiac Imaging was launched in January by Grune & Stratton, Inc. The quarterly features articles on cardiovascular diseases and related diagnostic and treatment disciplines. Grune & Stratton also publishes *Progress in Cardiovascular Diseases*. Initial circulation: 5,000 paid and nonpaid. Subscription price: $45. Cover price: $21. Ad rate: $450 for a black-and-white page. Publisher: Thomas E. Mackey Jr. Editor: James V. Talano, M. D. Address: 6277 Sea Harbor Dr., Orlando, Fla. 32821. Telephone: 305-345-4262.

2nd Chance

2nd Chance, a quarterly published by Freedom Communications, Inc., will be launched in May. The title was in-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3. 3½ x 8½ buck slip
4. 6¼ reply envelope
5. #10 2-color window envelope
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ow much do sales professionals earn? Page 113

- C 3935-1
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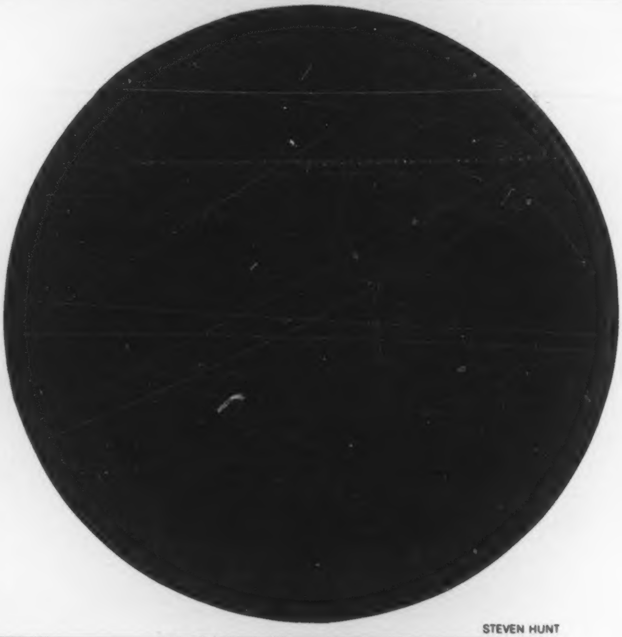

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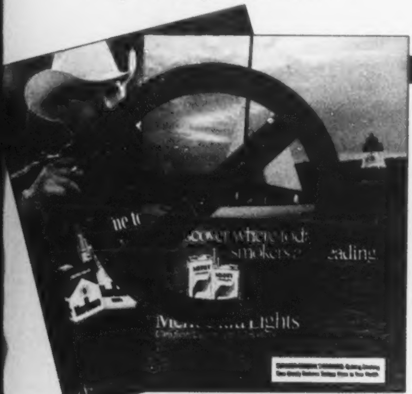


Cigarette advertising: Will it be banned?

A Supreme Court ruling on casino gambling in Puerto Rico may affect the decision on whether or not to ban cigarette ads. **135**

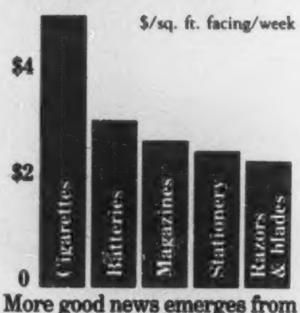
The production point of view

Career advancement, new technology, and solutions to printer problems are among the subjects covered in the FOLIO: roundtable, Part 1. **127**

Direct mail planning

Don't start writing until you've done your homework. Good direct mail copy is preceded by thorough research. Every minute you invest in research can save you days of fruitless writing. **109**

Magazines third in supermarket DPP



More good news emerges from phase two of MPA's direct product profit study. **21**

May 1987

Paul Oppmann Jr. has 500,000 MBAs 61

Lawyer, venture capitalist and now publisher, Oppmann dug deep to locate this well-heeled group, potential readers for *MBA* magazine.

Ad sales compensation survey 113

FOLIO:'s second annual industry-wide survey of advertising sales professionals pins down salary and bonus/commission by job title, region, ad revenue, ad pages, type of magazine and more.

Latest ABC Fas-Fax report shows status quo for second half 21

1986 went out much as it came in for ABC consumer members—circulation gainers barely edged losers; subscription channels continued to outperform the newsstand.

The editor's role in makeup 144

Which format makes a better magazine? And who decides what that format is? If you think it's the art director, you're wrong. The editor plays a key role. And there's more than one reason why.

Low-end separators spark color price battle 28

Declining equipment costs, automation and rising use of color have spawned an influx of competitors to the color separation market. Result? Falling prices.

States consider ad sales tax 38

Following Florida's lead, several states are considering taxing media ad sales—a threat that has media advocates rallying at local and national levels.

UPDATE

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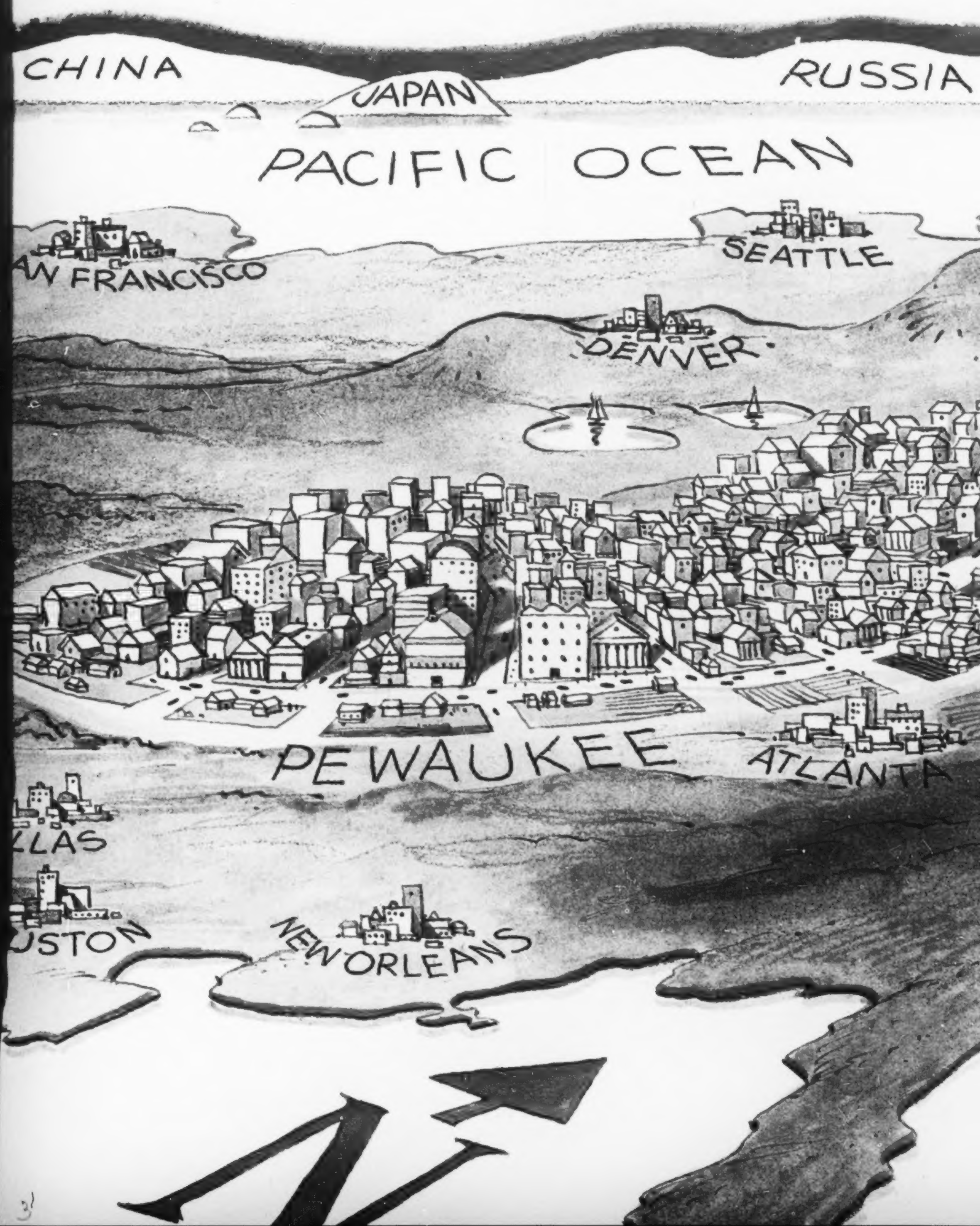
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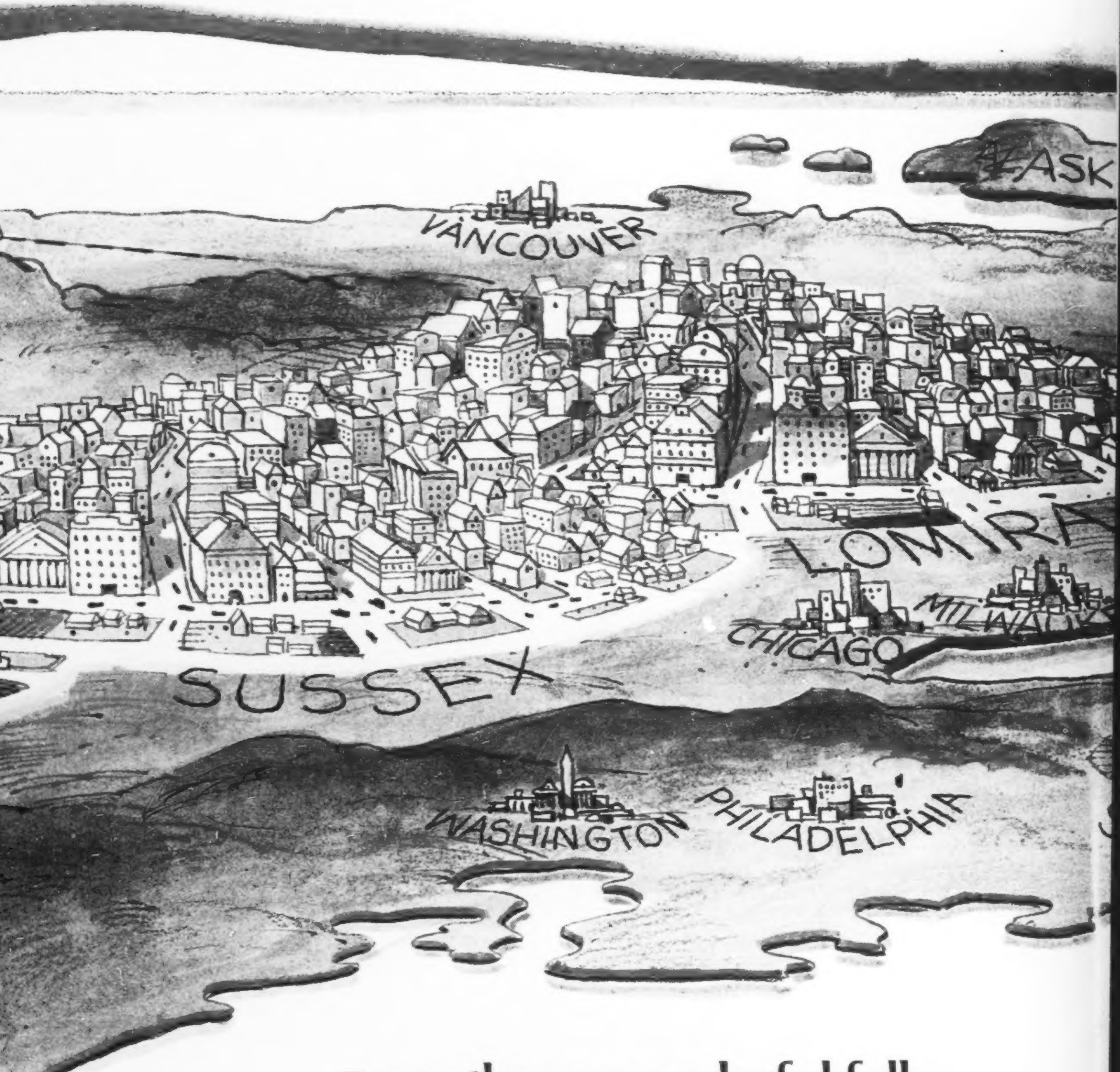
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UPDATE

Magazines rank high in supermarket DPP

The second phase of MPA's DPP study shows magazines are supermarkets' third most profitable product category

Magazines ranked third in the Magazine Publishers Association's (MPA) study of the direct product profitability (DPP) of 15 general merchandise items in supermarkets. The supermarket analysis is the second phase of the DPP study being conducted for MPA by Touche Ross & Company.

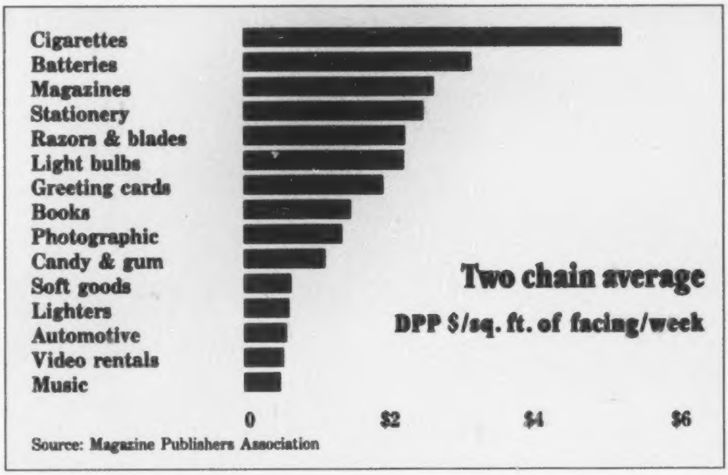
The positive supermarket results follow encouraging statistics previously released for convenience stores, which put magazines in fourth place.

The only categories that outperform magazines in the two supermarket chains studied are cigarettes and batteries. In the two convenience store chains in the study, the top three items are cigarettes, fountain products (ice cream, soft drinks, snacks served on site) and hot drinks.

The MPA began organizing the DPP study two years ago. The study's goal is to provide the retail industry with a profitability analysis that goes beyond looking at only total gross revenues or gross margins. The DPP formula factors in handling costs, other allowances (including the magazine industry's retail display allowance), units sold per week and amount of shelf spacing, among other things.

Under this analysis, magazines in convenience stores show a profitabil-

(CONTINUED ON PAGE 55)



Source: Magazine Publishers Association

***The fight for more space in supermarkets** is aided by the Direct Product Profitability results compiled for MPA by Touche Ross & Company. Magazines are third in profitability, at $2.61 per square foot of shelf facing per week. Candy and gum and video rentals are given more than twice as much space, but don't perform as well.*

ABC Fas-Fax shows status quo second half

Circulation gainers barely edged losers in second half '86; single copies still trouble

Schaumburg, Ill.—About as many U.S. consumer magazines reporting to the Audit Bureau of Circulations (ABC) saw their second half 1986 circulation increase as saw it decline, according to FOLIO:'s analysis of the ABC Fas-Fax report for the six-month period ending December 31, 1986.

Of the 454 magazines submitting figures to ABC in time for Fas-Fax, slightly more than half (52.6 percent) posted total paid circulation gains in second half 1986 compared to the same period in 1985.

This was a marginal improvement over first half 1986, when 50.9 percent of reporting titles showed circulation growth. But the proportion of titles up in the second half was the lowest for any second half period since 1982, according to circulation consultant E. Daniel Capell.

The number of titles showing single copy or subscription growth in the latter half of last year closely parallels that of the first half. On the single-copy front, 45.5 percent of 411 magazines reporting newsstand sales showed increases in those sales compared to second half 1985. In the June 1986 Fas-Fax, 46.2 percent of magazines reported single-copy gains. Subscription increases continued to outpace newsstand gains as 55.5 percent of 439 magazines sold by subscription boosted those sales in the second half; in the first half, 54.5 percent did so.

TV Guide has reclaimed the lead as the largest selling consumer title from *Reader's Digest*, despite a small drop (−0.6 percent) in its total circulation, to 16,800,441. *Reader's Digest*'s circulation fell 5.9 percent to 16,609,847 for the recent six-month period. Rounding out the top-five selling titles for the period are, in order, *National Geographic, Better Homes and Gardens* and *Family Circle*.

Discover led all magazines in total unit circulation gains, boosting its circulation by 405,404 copies to 1,328,534, a 43.9 percent increase. Much of the rise is attributable to the magazine's purchase of the subscription lists of its two prime competitors, *Science Digest* and *Science86*. Other big gainers in total unit circulation for the second half included *National Geographic* (up 215,649 copies), *Satellite Orbit* (+215,314) and *Life* (+206,066).

In terms of percentage gains, *Texas Fish & Game* was first with a total circulation jump of 92 percent. Other magazines that did well on a percentage basis were *Tours & Resorts* (+82.4 percent), *Elle* (+77.4 percent) and *Satellite Orbit* (+75.3 percent). *Satellite Orbit, Dr. Dobb's Journal of Software Tools* and *American Demographics* were among the top-10 magazines in percentage increases for both the first and second halves of last year.

Single-copy sales continue to be a trouble spot for the industry. The 45.5 percent of magazines citing increases was the second worst performance for any second-half period since 1982, following the second half of 1984, when only 42 percent showed gains, says Capell. Capell disputes the argument that ABC figures no longer reflect overall single-copy sales since many titles do not report to ABC. "ABC still represents 70 to 80 percent of the newsstand copies sold out there," he says.

The single-copy scene may be summed up by the gloomy performance of the 15 top selling newsstand titles. Of these, only four showed single-copy gains in the second half of 1986, and only *Glamour* was up significantly—7.4 percent, or 115,509 copies. The number two title on newsstands, *Family Circle*, suffered a 9.1 percent decline (−567,761 copies), while number three, *Woman's Day*, dropped 7.5 percent (−458,749 copies).

The biggest loss among the top-15

Consumer magazines ranked by unit increase in total paid circulation

Second half 1986

Magazine*	Total paid circulation Second half 1986	Unit increase**	Percent increase
1. *Discover*	1,328,534	405,404	43.9%
2. *National Geographic*	10,764,998	215,649	2.0
3. *Satellite Orbit*	501,104	215,314	75.3
4. *Life*	1,718,726	206,066	13.6
5. *U.S. News & World Report*	2,287,016	203,134	9.7
6. *Money*	1,862,106	170,643	10.1
7. *The Star*	3,706,131	166,619	4.7
8. *Sports Illustrated*	2,895,116	143,756	5.2
9. *Travel & Leisure*	1,118,132	132,633	13.5
10. *Time*	4,720,159	116,852	2.5

Source: David Foster & Associates, Inc., analysis of ABC Fas-Fax report, December 31, 1986

*Only magazines with Publisher's Statements in both time periods were considered

**Compared with the same six month period in 1985

Life, ***one of the success stories*** *of the second half, finished fourth in total paid circulation gains and first in newsstand sales increases.*

Consumer magazines ranked by largest percentage gains, overall circulation

Second half 1986

Magazine*	Total paid circulation**	Percent increase**
1. *Texas Fish & Game*	39,060	92.0%
2. *Tours & Resorts*	218,066	82.4
3. *Elle*	602,704	77.4
4. *Satellite Orbit*	501,104	75.3
5. *Metropolitan Detroit*	83,943	74.8
6. *WWF Magazine*	168,876	73.7
7. *Dr. Dobb's Journal of Software Tools*	54,197	63.6
8. *Wildfowl*	31,542	63.4
9. *American Demographics*	19,824	56.1
10. *Computer Language*	44,902	54.3

Source: FOLIO: analysis of ABC Fas-Fax report, December 31, 1986

*Only magazines with Publisher's Statements in both time periods were considered

**Compared with the same six month period in 1985

Selling only subscriptions, Texas Fish & Game *posted the greatest percentage increase in circulation for the second half.* Satellite Orbit, *finishing fourth, also came in third among consumer magazines ranked by unit increase in single-copy sales and in total paid circulation.*

Consumer magazines ranked by unit increase in single-copy sales

Second half 1986	Single-copy circulation		
Magazine*	**Second half 1986**	**Unit increase****	**Percent increase**
1. *Life*	711,694	124,079	21.1%
2. *Soap Opera Digest*	564,582	120,451	27.1
3. *Satellite Orbit*	188,971	119,191	170.8
4. *Glamour*	1,679,194	115,509	7.4
5. *Sun*	415,041	99,325	31.5
6. *Vogue*	836,344	93,381	12.6
7. *Mademoiselle*	966,552	74,522	8.4
8. *Money*	351,297	58,246	19.9
9. *Music & Fitness*	449,288	49,419	12.4
10. *YM*	119,480	48,914	69.3

Source: David Foster & Associates, Inc., analysis of ABC Fas-Fax report, December 31, 1986
*Only magazines with Publisher's Statements in both time periods were considered
**Compared with the same six month period in 1985

Three women's fashion magazines—Glamour, Vogue *and* Mademoiselle—*made it into the top-10 list of magazines ranked by increases in newsstand sales. But five of the "seven sisters" experienced single-copy losses.*

Consumer magazines ranked by unit increase in subscription sales

Second half 1986	Subscription circulation		
Magazine*	**Second half 1986**	**Unit increase****	**Percent increase**
1. *Discover*	1,156,346	369,605	47.0%
2. *National Geographic*	10,693,356	223,429	2.1
3. *U.S. News & World Report*	2,231,554	200,298	9.9
4. *Family Circle*	537,419	167,324	41.2
5. *The Star*	307,004	138,290	82.0
6. *Sports Illustrated*	2,775,643	132,619	5.0
7. *Travel & Leisure*	1,101,788	126,279	12.9
8. *Time*	4,499,136	120,734	2.8
9. *Seventeen*	1,339,155	120,036	9.8
10. *Money*	1,510,809	112,397	8.0

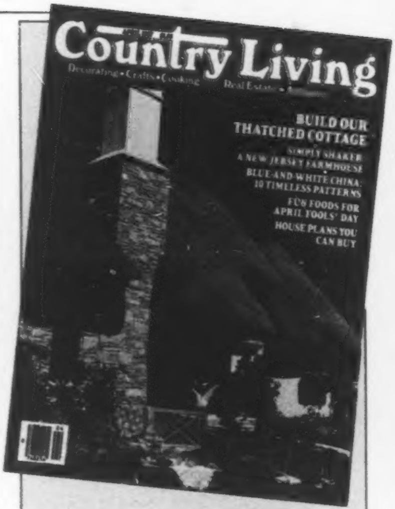
Source: David Foster & Associates, Inc., analysis of ABC Fas-Fax report, December 31, 1986
*Only magazines with Publisher's Statements in both time periods were included
**Compared with the same six month period in 1985

Absorbing the competition *helped* Discover *take the number one spot among magazines ranked by unit subscription sales gains. The Time Inc. monthly purchased the subscription lists of* Science Digest *and* Science86.

titles was experienced by *Penthouse*; buffeted by the Meese Commission report and cutbacks by convenience store chains, the magazine suffered a newsstand drop of 26.6 percent, or 777,144 copies.

The forces that hurt *Penthouse* had a similarly chilling effect on newsstand sales of other men's titles. *Playboy*, in particular, suffered a dramatic 42.2 percent drop in single-copy sales (−713,839 copies). *Cheri*'s newsstand sales fell 11.8 percent, *High Society*'s 10.9 percent, and *Gallery*'s 8.1 percent. On the other hand, *Gentlemen's Quarterly* and *Esquire* were up on the newsstands, 7.5 percent and 9.7 percent, respectively.

The second half of 1986 was not kind to the circulation totals of the


Country Living
Decorating • Crafts • Cooking • Real Estate
BUILD OUR THATCHED COTTAGE
SIMPLY SHAKER A NEW JERSEY FARMHOUSE
BLUE-AND-WHITE CHINA: 10 TIMELESS PATTERNS
FUN FOODS FOR APRIL FOOLS' DAY
HOUSE PLANS YOU CAN BUY

Country Living named hottest circulation title

Country Living was named the "hottest circulation magazine of the year" by "Capell's Circulation Report," an industry newsletter edited by consultant E. Daniel Capell. The title is the first magazine to receive the honor twice, having been named in 1984 as well. *Country Living* was honored for having boosted its rate base to a high of 1.5 million with a total circulation gain of 16 percent in the last year.

Capell also selected nine other magazines for its top-10 list. In order of rank, they were *Barron's, Money, Muscle & Fitness, Mademoiselle, Vanity Fair, New England Monthly, The Star, The Economist* and *Inside Sports.*

Magazine selection was based on an analysis of audit material for 1985 and the first half of 1986, including Audit Bureau of Circulations (ABC) publisher's statements, ABC audits and statements of ownership. The characteristics analyzed included circulation growth (subscription and newsstand), sources of circulation, newsstand sales and audit reports. In addition, ad sales performance was reviewed "to determine the degree of successful interaction between the circulation and ad revenue streams."

"seven sisters" women's service magazines. Five of the seven showed declines—the largest belonging to *Woman's Day* (−7.3 percent). The two that gained circulation barely did so: *Good Housekeeping* (+1.3 percent) and *Better Homes and Gardens* (+0.4 percent). But women's fashion magazines experienced increases: *Vogue* (+8.7 percent), *Glamour* (+3.7 percent), *Mademoiselle* (+5.0 percent) and the newer titles *Elle* (+77.4 percent) and *W* (+5.8 percent).

The three major newsweeklies all showed circulation gains. *U.S. News & World Report* did best (+9.7 percent), followed by *Time* (+2.5 percent) and *Newsweek* (+1.4 percent).

Home service titles were a mixed bag in terms of circulation changes. One of the largest gainers, *Southern Accents*, boosted total circulation by 16.8 percent. On the other end, *Texas Homes* was down 17.6 percent.

Most business titles were up in circulation during the second half of 1986. But the big three produced only small gains: *Fortune* (+3.4 percent), *Business Week* (+ .8 percent) and *Forbes* (+.09 percent).

A number of general interest titles improved circulation, led on a percentage basis by *Sun* magazine (+31.6 percent) and *American Heritage* (+20.1 percent). Sports magazines generally did well, with *Golf World* heading the pack, up 23 percent.

Metropolitan/regional/state titles now represent the largest category of consumer magazines by number of titles. According to "Capell's Circulation Report," in this category circulation gainers have outnumbered losers by a two-to-one ratio since 1981. The ratio was more balanced in the second half of 1986. *Metropolitan Detroit* grew the most, boosting circulation 74.8 percent.☐

Mills upgrade coated publication paper quality

Soft market and slim growth prospects spur development of value-added coated papers; mills play 'catch-up'

The buyers' market in publication grade papers is looking even more attractive for publishers. Not only are stable or declining prices expected this year, but paper manufacturers have embarked on a renewed push to give customers more for their money. Paper buyers and consultants report that most major domestic paper mills are putting considerable effort into improving the quality of publication papers.

According to a report issued by Alling and Cory, a New York-based paper brokerage, at least 11 paper manufacturers have announced improvements in progress and/or new products. (Many of the upgraded papers aren't fully available yet.) Alling and Cory vice president Richard Brown adds that most of the effort focuses on coated No. 4 papers and improvements in surface smoothness, paper gloss, shades and brightness. Such improvements have, in some instances, spilled over into other categories, including No. 5 coated.

Beyond the obvious customer demand for improved paper stock are a number of fundamental market factors pressuring the mills. Overcapacity in a number of lightweight coated categories has led to tough competition and price cutting. At the same time, paper consumption has been, and is expected to remain, relatively stagnant. Prospects for substantial price increases, as a result, are poor. On top of that, according to several sources, S. D. Warren's Somerset Gloss and a number of fine quality imports have set a new quality benchmark that domestic manufacturers have been unable to match.

Protecting share

By upgrading paper characteristics, the mills hope to maintain their pricing structures and protect market share. Says Alan Kavasch, senior vice president at New York-based Lindenmeyr Central, it is an attempt to attract and keep customers by adding value to their paper stock.

Further, several mills are entering new and presumably more profitable markets. In fact, according to John A. Luke, president of Westvaco Corporation, improvements and new introductions in Westvaco products over the next few years are expected to be substantial enough to make obsolete existing coated paper lines.

Playing catch-up

Several years ago, Warren unsettled the coated No. 4 market with its introduction of Somerset Gloss. According to Lawrence Wilson, manager of graphic arts research for S. D. Warren, the company recognized growth potential in the category and built a new paper machine with the intent to exploit it. "We took a lot of business, a lot of market share, that we never had before," says Wilson. "In two years we've become a factor to reckon with."

According to Alling and Cory's Brown, domestic manufacturers have been slow to respond. Compared to Somerset Gloss, he says, "second place was a long way behind." But more recently, he adds, a number of mills have begun to close the gap.

Says Arthur Escudero, paper purchasing coordinator for Hearst Corp. magazines, "There's a lot of catch-up going on."

Characteristics found in No. 3 papers are showing up so much in No. 4s that the distinctions are blurring

So far, catch-up has meant making printing surfaces smoother, glossier and brighter. Brown says that the level of quality has been available for some time, but only in the higher grades—Nos. 1, 2 and 3. Now those characteristics are being pushed down to the lower, less expensive categories.

Michael Eisner, director of paper purchasing for CBS Magazines, says he has seen considerable movement in that direction. He notes that brightness and smoothness characteristics tradi-

Ad sales compensation survey

FOLIO:'s second annual industry-wide survey of ad sales professionals pins down 1987 earnings.

BY SUZANNE ZELKOWITZ
ASSOCIATE EDITOR

ILLUSTRATIONS BY EARL KELENY

Sales is an incentive game. And working in an industry where bonuses and commissions can generate a significant part of their compensation provides publishing's ad sales force with instant gratification and an immediate answer to New York Mayor Koch's perennial opener, "How'm I doin'?"

How *are* ad sales professionals doing in 1987? FOLIO:'s second annual ad sales compensation survey gives the complete run-down on ad sales salaries and bonus/commissions for magazine ad sales directors, managers and salespeople.

The survey yields some interesting findings:

- Branch/regional managers and ad sales managers working on business magazines earn less than their counterparts on consumer magazines.
- Men's salaries exceed women's by 20 percent for ad sales directors; by 45 percent for managers; by 39 percent for branch/regional managers; and by 28 percent for ad sales people.
- Ad sales professionals in all surveyed categories are almost 50 percent more likely to receive deferred compensation or participate in pension or profit sharing plans if they work on magazines with ad revenues of $5 million or more.

Ad sales directors

The average base salary for an ad sales director is $62,251 and the average commission or bonus is $30,711. Ad sales directors on consumer magazines fall behind their peers on business magazines, both in base salary and bonus/commission, by a small margin.

The average base salary for a business magazine sales director is $63,539, and the average bonus/commission is $33,885. The base salary for a director on a consumer publication is $60,365, and bonus/commission is $27,716.

Ad sales directors in the Northeast earn higher base salaries than those in the rest of the country: $67,899. The second highest average base salary is reported by those in the Central states: $61,074. For these two regions, bonus/commission is $27,867 and $34,452, respectively.

In this personnel category, men outearn women both in base salary and bonus/commission. Men net $64,744 in average base salary and $32,594 in bonus/commission, while women receive $53,838 in salary and $23,117 in bonus/commission.

Not surprisingly, salary increases with years of experience. Those with 16 years or more earn $75,379, about twice as much as the $37,524 for directors with three years or less in the business. While the lowest bonus/commission, $22,035, is reported for the least experienced directors, and the highest, $37,439, is logged for the most experienced, the upward pattern does not hold for the intermediate categories: Those with four to 10 years earn $29,540, but directors with 11 to 15 years make $26,482.

Again not unexpectedly, there is a steady rise in base salary and bonus/commission as total ad revenue increases. For instance, an ad director on a magazine that brings in $20 million or more in total ad revenue has a base salary of $91,368 and a bonus/commission of $38,194, much more than a director on a publication in the less than $1 million category. In the latter category, the director makes $42,758 in base salary and $20,192 in bonus/commission.

Average base salary and bonus/commission rise as the number of ad pages goes up, following the expected pattern. Ad directors on magazines carrying 1,000 or more ad pages per year earn more than directors on publications with less than 500 pages. Directors in the former category receive

"It's finding enough time for special projects that contribute to long-term growth that's the real challenge."

Ad sales director in the Northeast on a consumer magazine with more than 100,000 circulation, earning a base salary in the low forties, with $40,000 in bonus/commission.

[redacted]

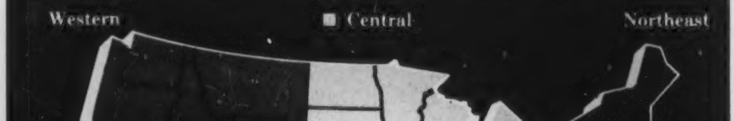
an average base salary of $71,368 and bonus/commission of $37,505 compared to the base salary of $51,953 and bonus/commission of $28,125 going to the ad directors in the lowest page count category.

Increasing an ad sales director's responsibility also ups his earning power. Base salary rises as the number of supervised employees grows. An ad sales director supervising 11 or more persons nets a base salary of $74,880, while the ad director in charge of none or only one earns a base salary of $34,600, less than half as much. The ad director responsible for two to five persons receives an average base salary of $54,236 and the director with six to 10 employees under his supervision gets $61,863. Although the base salary range is over two to one, depending on the number of people supervised, average bonus/commissions for all four personnel categories are approximately the same.

Those who work on weekly titles earn more than directors on monthlies. Ad sales directors who work on weeklies earn an average base salary 7 percent higher than their counterparts on monthly magazines. The base salary for a director on a monthly publication is $60,981, compared to $65,280 for a director on a weekly. By contrast, bonus/commissions are 30 percent higher for those on weeklies. They receive an average of $38,031.

In this personnel category, men outearn women both in base salary and bonus/commission. Men net $64,744 in average base salary and $32,594 in bonus/commission, while women receive $53,838 in salary and $23,117 in bonus/commission.

The regions have been divided as follows:



Ad sales managers

The average base salary for an ad sales manager is $46,715, and the average bonus/commission is $22,850. Business magazine ad sales managers are trailing their counterparts on consumer magazines in overall base salary and bonus/commission averages.

Ad sales managers on business magazines are earning an average base salary of $40,142 and a bonus/commission of $21,874—which is less than the base salary of $52,736 and bonus/commission of $24,218 netted by consumer managers, lower by 23.9 percent and 9.7 percent, respectively.

The salary for the group in the Northeast is $49,690 and bonus/commission stands at $29,608. Not far behind in base salary are respondents in the Central states with $49,185—but with bonus/commission of $17,157.

Experience pays off for ad sales managers. Those with 16 or more years garner $63,423 in base salary and pick up $25,167 in bonus/commission. Managers with up to three years of experience earn a salary of $24,293 and a bonus/commission of $14,125.

In general, salaries and bonus/commission increase with the rise in ad revenue and ad page totals. For example, ad sales managers working on magazines with ad revenue of $3 million to $8 million pull down a base salary of $41,797 compared to $63,567 base salary for a manager whose publication has $8 million to $20 million in ad revenue. Ad sales managers on magazines carrying fewer than 500 pages receive an average $33,392 base salary—40 percent less than the $55,606 earned by those on titles that carry 1,000 pages or more. Bonus/commission more than doubled for managers on magazines with 1,000 or more pages: $32,046 compared to $15,753 for those whose ad pages fall below 500.

Of all our surveyed job categories, this is the one showing the biggest gender-based difference in base salaries. Men receive $52,881, or 45 percent more than women, who get $36,366. Men's bonus/commission is $26,013, compared with $16,815 for women.

Branch/regional managers

The average base salary for a branch or regional manager is $51,442, and the average bonus/commission is $28,489. In this personnel category, those on business magazines are making 21 percent less in base salary than their consumer magazine counterparts. The base salary for the former is $44,934; for the latter it is $56,955. However, those on business magazines earn more in bonus/commission —$30,286 compared to $27,770 for those on consumer publications.

Overall, branch or regional managers in the West earn more in base salary than their peers in other regions, with an average of $55,219. However, the bonus/commission reported by 16 participants in the West, averaging $39,875, is lower than the average bonus/commission of $46,144 reported by nine respondents from the South Atlantic states.

Base salary rises correspondingly with escalating ad revenues, with regional or branch managers working on magazines with less than $1 million in ad revenue receiving $37,333 and those on magazines with $20 million or more taking in $65,500. However, the 10 branch or regional managerial respondents in the $1 million to $3 million ad revenue category had an average bonus/commission of $33,950, higher than all but the top category of $20 million or more in ad revenue, which shows bonus/commission of $37,233.

Branch or regional managers working on weeklies earn more in base salary than their peers on monthly titles. Those on weeklies have an average base salary of $58,556; on monthlies, $49,755. But those on monthly publications earn an average $29,057 in bonus/commission as opposed to $24,933 for branch or regional managers on weeklies.

Men's base salary surpasses women's. The survey shows men receiving $55,071, as compared with women's $39,690. Bonus/commission for men is $30,774, while women get $19,076.

Ad sales person

For the personnel in this category, the average base salary is $37,911 and the average bonus/commission is $29,806. The relationship of bonus/commissions to average salaries is higher among ad sales persons than the other categories.

Those on business publications are earning more than their counterparts on consumer magazines when it comes to base salary: $39,173 compared to $33,513. But their bonus/commission is virtually identical: $29,993 compared to $30,056, respectively.

Ad sales people in the Central states make the highest base salary, $41,768, but receive the lowest bonus/commission, $27,070, of all the regional groups.

Men's salaries exceed women's by 28 percent—$41,342 compared to $32,165, respectively. Bonus/commission for men also surpass women's, by 33 percent, with men getting $32,583 compared to $24,522 for women.

Ad sales people with three years or less in the business earn a base salary of $28,925 and an average bonus/commission of $19,064. Their counterparts with 16 years or more of experience net a base salary of $43,580 and bonus/commission of $39,577.

> **"Competitive rates and off the card discounts are crippling us. The business is not fun anymore."**
>
> [redacted]

Ad sales people working on magazines that carry less than 500 ad pages earn $32,959 in base salary and $25,294 in bonus/commission. Those on titles carrying 1,000 or more ad pages receive $40,823 in average base salary and $28,629 in bonus/commission.

Deferred compensation

Sixty-four percent of the ad sales directors in FOLIO:'s survey are offered a deferred compensation pension or profit sharing plan. Business magazines are more likely to offer such plans to their ad sales directors, according to FOLIO:'s respondents: 76 percent in the business sector as compared with 52.3 percent on consumer titles.

Overall, 66.7 percent of ad sales managers and 67.0 percent of regional or branch managers are offered deferred compensation plans.

Sixty-three percent of those in the ad sales people category are offered such plans. Not surprisingly, ad sales professionals across all personnel categories were more likely to have deferred compensation plans if they worked on magazines with revenues of $5 million or more.

Bonus/commission ceilings

Across all personnel categories, ceilings were more the exception than the rule. Branch or regional managers were most likely to have a ceiling on their bonus/commission; ad sales people were least likely. Almost 16 percent of the branch or regional managers have an imposed ceiling, as compared with ad sales people, with 3.3 percent.

By gender, men were more likely to have ceilings or caps on their bonus/commission than women in the three management categories. Male ad sales directors reporting ceilings log in at 16.8 percent, compared to 5.7 percent of women; male ad sales managers register 17 percent, compared to 4.3 percent of their female counterparts. But in the regional or branch manager category, figures for men and women were almost equal: 15.7 percent compared to 15 percent, respectively.

Using the numbers

It is important to use the salary information in this survey cautiously. In many instances there were not enough respondents in certain cells to enable us to reach conclusions. For this reason, FOLIO: is publishing the number of respondents in parentheses.

Furthermore, average salaries and average bonus/commissions reported apply only for those reporting that type of remuneration. And because the sections on salaries encompass people who receive salaries only and salaries plus bonus/commission, and the sections on bonus/commission include people who receive bonus/commission only and bonus/commission plus salaries, a reader cannot routinely take average bonus/commission and average salary to arrive at total compensation.

The survey is also limited to comparing one variable at a time. For example, ad sales directors in the Northeast are earning higher salaries than their peers in other areas—but are those in the Northeast who participated in the survey working on larger circulation magazines? Are they the ones with the most experience? FOLIO: does not answer these questions, or offer an analysis.

Challenging work

Many of the respondents to FOLIO:'s ad sales compensation survey felt challenged by their jobs. Some focused on the problems of getting through to the decision makers, others on shrink-

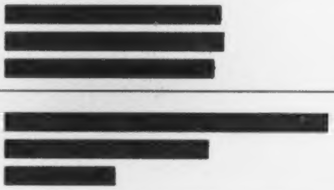
Ad sales director

Advertising sales director (in some cases may have the title of publisher): Manages ad sales department, sets policies and procedures, is responsible for reaching goals and quotas, hires and trains personnel, supervises branch managers.

"I'm kept jumping trying to maintain the same/and more ad pages as compared to 1986 and attempting to cut down on the blizzard of paperwork we face in the publishing business."

Ad sales director in the West, earning a base salary in the mid-eighties and bonus/commission of $40,000.

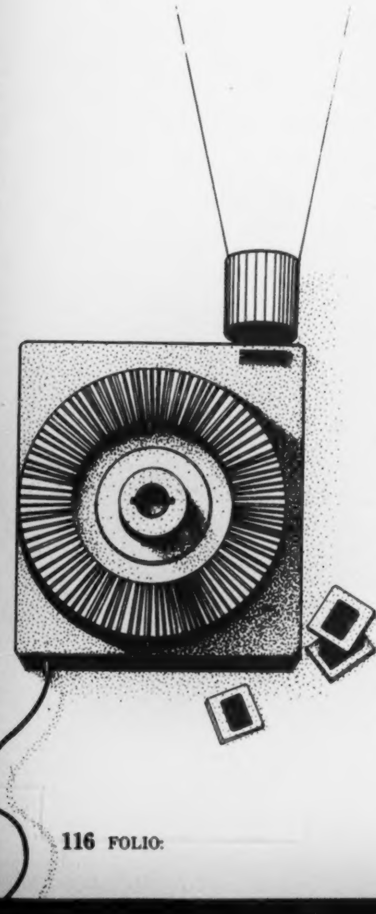
Average salaries (The number of respondents is in parentheses.)



All respondents	$62,251 (175)
Business	$63,539 (87)
Consumer	$60,365 (85)
Top one-third	$94,026 (58)
Middle one-third	$59,775 (58)
Bottom one-third	$33,449 (59)

	Salary	Business salary	Consumer salary
By region:			
Northeast	$67,899 (78)	$69,263 (38)	$65,651 (37)
South Atlantic	$46,800 (10)	$51,143 (7)	$36,667 (3)
Central	$61,074 (52)	$58,532 (28)	$64,040 (24)
Western	$52,533 (30)	$59,100 (10)	$49,250 (20)
By no. of employees under respondent's supervision:			
None/one	$34,600 (15)	$41,100 (10)	$21,600 (5)
2-5	$54,236 (45)	$64,182 (22)	$44,722 (23)
6-10	$61,863 (52)	$61,063 (30)	$61,250 (20)
11 and over	$74,880 (63)	$74,920 (25)	$74,850 (37)
By sex:			
Male	$64,744 (135)	$66,122 (73)	$62,349 (59)
Female	$53,838 (40)	$50,071 (14)	$55,865 (26)
By years in the business:			
Up to 3 years	$37,524 (21)	$47,250 (8)	$31,538 (13)
4-10	$55,891 (65)	$56,443 (28)	$55,473 (37)
11-15	$67,776 (31)	$63,167 (15)	$72,098 (16)
16 and over	$75,379 (58)	$72,833 (36)	$79,737 (19)
By ad revenue:†			
Up to $999,999	$42,758 (33)	$44,813 (16)	$40,824 (17)
$1 million-$2,999,999	$52,683 (36)	$59,938 (16)	$46,880 (20)
$3 million-$7,999,999	$65,335 (49)	$66,255 (31)	$62,500 (17)
$8 million-$19,999,999	$73,036 (27)	$71,462 (13)	$74,497 (14)
$20 million and over	$91,368 (19)	$92,857 (7)	$90,500 (12)
By ad pages:†			
Up to 499	$51,953 (45)	$46,920 (20)	$55,980 (25)
500-999	$61,980 (52)	$64,841 (22)	$58,445 (28)
1,000 and over	$71,368 (60)	$73,553 (38)	$67,595 (22)
By frequency:†			
Weekly	$65,280 (20)	$67,417 (12)	$62,075 (8)
Monthly	$60,981 (108)	$62,831 (51)	$58,573 (55)
Biweekly/semimonthly	$62,464 (14)	$64,350 (10)	$57,750 (4)
Other	$62,534 (28)	$62,583 (12)	$62,498 (16)

†Refers to the largest revenue producing magazine on which respondent works



Average bonus/commission (The number of respondents is in parentheses.)

All respondents	$30,711 (151)
Business	$33,885 (71)
Consumer	$27,716 (77)
Top one-third	$56,480 (50)
Middle one-third	$25,702 (50)
Bottom one-third	$10,359 (51)

	Bonus/ commission	Bus. bonus/ commission	Con. bonus/ commission
By region:			
Northeast	$27,867 (73)	$27,126 (34)	$28,181 (36)
South Atlantic	$43,929 (7)	$44,500 (5)	$42,500 (2)
Central	$34,452 (41)	$43,429 (21)	$25,026 (20)
Western	$29,158 (26)	$31,125 (8)	$28,283 (18)
By no. of employees under respondent's supervision:			
None/one	$31,360 (10)	$34,500 (4)	$29,267 (6)
2-5	$29,171 (41)	$31,625 (20)	$26,833 (21)
6-10	$31,162 (45)	$33,512 (26)	$26,971 (17)
11 and over	$31,373 (55)	$36,381 (21)	$28,379 (33)
By sex:			
Male	$32,594 (121)	$34,795 (62)	$30,163 (56)
Female	$23,117 (30)	$27,611 (9)	$21,190 (21)
By years in the business:			
Up to 3 years	$22,035 (17)	$22,250 (6)	$21,918 (11)
4-10	$29,540 (58)	$31,412 (25)	$28,121 (33)
11-15	$26,482 (27)	$32,409 (11)	$22,407 (16)
16 and over	$37,439 (49)	$38,983 (29)	$35,676 (17)
By ad revenue:†			
Up to $999,999	$20,192 (24)	$14,313 (8)	$23,131 (16)
$1 million-$2,999,999	$29,266 (32)	$33,133 (15)	$25,853 (17)
$3 million-$7,999,999	$31,295 (44)	$34,750 (28)	$25,767 (15)
$8 million-$19,999,999	$36,097 (24)	$37,800 (11)	$34,655 (13)
$20 million and over	$38,194 (18)	$53,333 (6)	$30,625 (12)
By ad pages:†			
Up to 499	$28,125 (36)	$31,500 (13)	$26,217 (23)
500-999	$24,263 (48)	$23,079 (19)	$24,208 (27)
1,000 and over	$37,505 (55)	$39,366 (35)	$34,250 (20)
By frequency:†			
Weekly	$38,031 (16)	$36,450 (10)	$40,667 (6)
Monthly	$29,329 (96)	$31,726 (42)	$27,127 (52)
Biweekly/semimonthly	$31,556 (9)	$30,667 (6)	$33,333 (3)
Other	$30,373 (25)	$39,527 (11)	$23,180 (14)

†Refers to the largest revenue producing magazine on which respondent works

"I work at educating advertisers not only to the value of the medium but as to what to expect in results from their advertising in our magazine."

Ad sales director in the West with 26 years of experience, earning a base salary of roughly $50,000 and $5,000 bonus/commission.

"Being at a relatively new publication, my greatest challenge is positioning it against established and growing competition in a market that currently is not as strong as in the past."

Ad sales director in the West, on a consumer magazine with roughly 45,000 circulation, earning a salary in the low twenties, with $10,000 in bonus/commission.

"My goal is motivating and training salespeople so they are 80 percent self-reliant."

Ad sales director with seven years experience, working in the Northeast, earning $25,000 in bonus/commission.

Ad sales manager

Ad sales manager: Reports to director, *has management but not policy responsibility* for personnel within the department.

> ***"We've got to convince clients to take steps with their advertising that they've yet to take; to become more creative and more aggressive than their competitors."***
>
> Ad sales manager in the West working on a consumer magazine with more than 150,000 circulation, earning $50,000 in base salary.

> ***"You have to get clients to make price less of a factor, and value more of a factor. Encourage ad agency media wimps to make the effort of knowing how their clients go to market, instead of basing decisions on SRDS or audit statements alone."***
>
> Ad sales manager, working on a business magazine in the Midwest, with five years of experience, earning about $60,000 in base salary and $2,000 in bonus/commission.

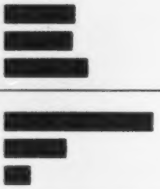
Average salaries (The number of respondents is in parentheses.)

All respondents	$46,715 (75)
Business	$40,142 (30)
Consumer	$52,736 (42)
Top one-third	$71,260 (25)
Middle one-third	$45,780 (25)
Bottom one-third	$23,106 (25)

	Salary	Business salary	Consumer salary
By region:			
Northeast	$49,690 (26)	$41,068 (11)	$57,157 (14)
South Atlantic	$28,275 (4)	$24,200 (3)	$40,500 (1)
Central	$49,185 (27)	$43,875 (12)	$55,536 (14)
Western	$42,094 (17)	$32,800 (3)	$45,900 (13)
By no. of employees under respondent's supervision:			
None/one	$34,680 (20)	$37,067 (6)	$34,400 (13)
2-5	$45,325 (26)	$35,089 (14)	$57,267 (12)
6-10	$51,452 (21)	$48,750 (8)	$57,273 (11)
11 and over	$68,888 (8)	$50,300 (2)	$75,083 (6)
By sex:			
Male	$52,881 (47)	$48,133 (18)	$55,828 (29)
Female	$36,366 (28)	$28,154 (12)	$45,838 (13)
By years in the business:			
Up to 3 years	$24,293 (15)	$25,688 (8)	$22,700 (7)
4-10	$45,898 (32)	$36,288 (13)	$53,167 (18)
11-15	$58,714 (14)	$65,500 (2)	$60,955 (11)
16 and over	$63,423 (13)	$56,571 (7)	$71,417 (6)
By ad revenue:†			
Up to $999,999	$25,931 (13)	$29,489 (9)	$17,067 (3)
$1 million-$2,999,999	$37,635 (17)	$41,657 (7)	$34,244 (9)
$3 million-$7,999,999	$41,797 (16)	$42,607 (7)	$43,313 (8)
$8 million-$19,999,999	$63,567 (15)	$55,200 (5)	$67,750 (10)
$20 million and over	$74,438 (8)	$0 (0)	$74,438 (8)
By ad pages:†			
Up to 499	$33,392 (24)	$35,750 (8)	$33,146 (13)
500-999	$47,825 (20)	$34,571 (7)	$54,962 (13)
1,000 and over	$55,606 (26)	$44,250 (13)	$66,962 (13)
By frequency:†			
Weekly	$36,483 (6)	$30,850 (4)	$47,750 (2)
Monthly	$48,605 (51)	$40,466 (19)	$55,517 (30)
Biweekly/semimonthly	$45,743 (7)	$55,000 (1)	$44,200 (6)
Other	$43,744 (9)	$43,400 (5)	$45,567 (3)

†Refers to the largest revenue producing magazine on which respondent works

Average bonus/commission (The number of respondents is in parentheses.)



All respondents	$22,850 (66)
Business	$21,874 (23)
Consumer	$24,218 (40)
Top one-third	$43,482 (22)
Middle one-third	$17,900 (22)
Bottom one-third	$ 7,168 (22)

	Bonus/ commission	Bus. bonus/ commission	Con. bonus/ commission
By region:			
Northeast	$29,608 (25)	$22,889 (9)	$34,813 (15)
South Atlantic	$12,500 (2)	$20,000 (1)	$ 5,000 (1)
Central	$17,157 (23)	$21,310 (10)	$15,083 (12)
Western	$19,887 (15)	$ 7,000 (2)	$21,708 (12)
By no. of employees under respondent's supervision:			
None/one	$15,456 (18)	$15,500 (6)	$16,791 (11
2-5	$19,124 (21)	$19,900 (9)	$18,542 (12)
6-10	$29,647 (19)	$29,714 (7)	$31,950 (10)
11 and over	$33,125 (8)	$23,000 (1)	$34,571 (7)
By sex:			
Male	$26,013 (45)	$24,241 (17)	$27,089 (28)
Female	$16,815 (20)	$15,167 (6)	$19,000 (11)
By years in the business:			
Up to 3 years	$14,125 (8)	$11,333 (3)	$15,800 (5)
4-10	$23,477 (31)	$18,425 (12)	$27,483 (18)
11-15	$26,057 (14)	$26,500 (2)	$26,182 (11)
16 and over	$25,167 (12)	$32,500 (6)	$17,833 (6)
By ad revenue:†			
Up to $999,999	$16,208 (12)	$15,857 (7)	$14,925 (4)
$1 million-$2,999,999	$16,000 (12)	$17,000 (3)	$16,125 (8)
$3 million-$7,999,999	$20,455 (11)	$22,400 (5)	$22,500 (5)
$8 million-$19,999,999	$27,267 (15)	$29,400 (5)	$26,200 (10)
$20 million and over	$41,210 (10)	$45,100 (1)	$40,778 (9)
By ad pages:†			
Up to 499	$15,753 (19)	$12,800 (5)	$18,091 (11)
500-999	$19,861 (18)	$18,600 (5)	$20,346 (13)
1,000 and over	$32,046 (24)	$25,925 (12)	$38,167 (12)
By frequency:†			
Weekly	$17,014 (7)	$20,820 (5)	$ 7,500 (2)
Monthly	$24,245 (42)	$20,167 (12)	$26,857 (28)
Biweekly/semimonthly	$24,743 (7)	$50,000 (1)	$20,533 (6)
Other	$20,000 (8)	$20,500 (4)	$22,000 (3)

†Refers to the largest revenue producing magazine on which respondent works

"Selling titles that have major rate increases for '87 in a market that has suffered greatly and more so in '87 is not easy."

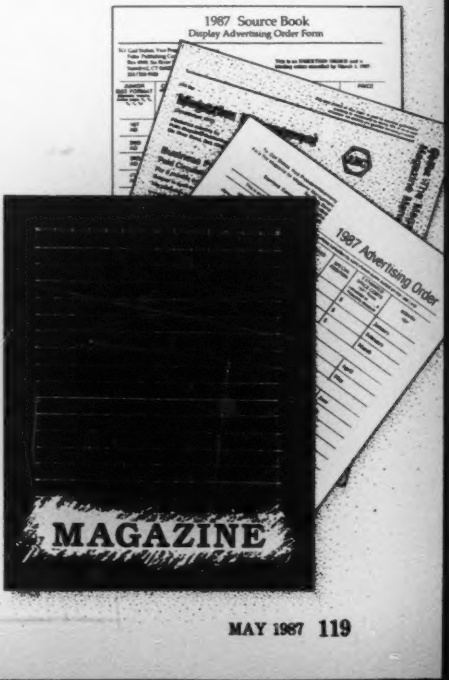
Ad sales manager in the West with 10 years of experience, earning $52,000 base salary and more than $10,000 in bonus/commission.

[redacted]

"Getting more share of market's the only way, it seems, to get page growth in a market with a declining page pool."

Ad sales manager in the Northeast supervising 16 people, earning $75,000 in base salary and bonus/commission in the low twenties.

[redacted]



Branch/regional manager

Branch/regional manager (may also be "category manager"): Responsible for selling ad pages to accounts in specific geographic areas, or responsible for selling to accounts from specific categories (liquor, tobacco, cosmetics, etc.). May supervise some sales staff.

"Helping clients develop brand loyalty, hence, profitability, through innovative ideas and attitudes is key. With this done, revenues are easy!"

Branch/regional manager in the South with more than 30 years of experience, earning $175,000 in bonus/commission.

"Let's overcome the obsession with our bingo card returns."

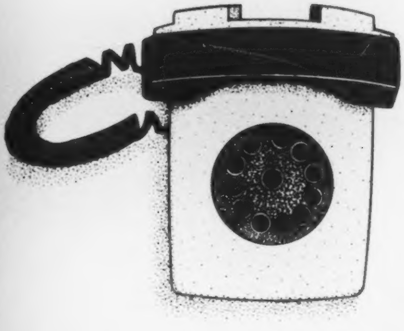
Branch/regional manager in the Northeast, working on a business magazine, earning $45,000 in base salary and bonus/commissions in the high teens.

Average salaries (The number of respondents is in parentheses.)

All respondents	$51,442 (89)
Business	$44,934 (38)
Consumer	$56,955 (49)
Top one-third	$70,503 (29)
Middle one-third	$50,633 (30)
Bottom one-third	$33,823 (30)

	Salary	Business salary	Consumer salary
By region:			
Northeast	$48,258 (26)	$44,733 (15)	$55,370 (10)
South Atlantic	$44,438 (8)	$48,750 (6)	$31,500 (2)
Central	$53,805 (38)	$42,462 (13)	$59,704 (25)
Western	$55,219 (16)	$48,000 (4)	$58,318 (11)
By no. of employees under respondent's supervision:			
None/one	$44,969 (49)	$41,208 (24)	$49,326 (23)
2-5	$59,759 (34)	$51,958 (12)	$64,014 (22)
6-10	$75,000 (1)	$0 (0)	$75,000 (1)
11 and over	$59,000 (2)	$50,000 (1)	$68,000 (1)
By sex:			
Male	$55,071 (68)	$49,870 (27)	$59,208 (40)
Female	$39,690 (21)	$32,818 (11)	$46,944 (9)
By years in the business:			
Up to 3 years	$37,091 (11)	$36,857 (7)	$37,500 (4)
4-10	$44,650 (28)	$37,231 (13)	$51,157 (14)
11-15	$58,056 (9)	$60,000 (2)	$57,500 (7)
16 and over	$58,478 (41)	$52,844 (16)	$63,421 (24)
By ad revenue:†			
Up to $999,999	$37,333 (9)	$44,200 (5)	$28,750 (4)
$1 million-$2,999,999	$46,500 (9)	$41,750 (4)	$50,300 (5)
$3 million-$7,999,999	$47,357 (21)	$41,769 (13)	$57,357 (7)
$8 million-$19,999,999	$55,355 (22)	$50,650 (10)	$59,275 (12)
$20 million and over	$65,500 (14)	$50,500 (2)	$68,000 (12)
By ad pages:†			
Up to 499	$43,342 (19)	$41,000 (8)	$45,045 (11)
500-999	$54,058 (19)	$44,643 (7)	$60,418 (11)
1,000 and over	$53,028 (43)	$42,333 (18)	$60,728 (25)
By frequency:†			
Weekly	$58,556 (18)	$43,778 (9)	$73,333 (9)
Monthly	$49,755 (60)	$44,761 (23)	$53,594 (35)
Biweekly/semimonthly	$52,250 (4)	$46,000 (1)	$54,333 (3)
Other	$39,333 (3)	$26,000 (1)	$46,000 (2)

†Refers to the largest revenue producing magazine on which respondent works



Average bonus/commission (The number of respondents is in parentheses.)

All respondents	$28,489 (87)
Business	$30,286 (35)
Consumer	$27,770 (50)
Top one-third	$56,776 (29)
Middle one-third	$19,500 (29)
Bottom one-third	$ 9,190 (29)

	Bonus/ commission	Bus. bonus/ commission	Con. bonus/ commission
By region:			
Northeast	$24,585 (26)	$29,357 (14)	$19,836 (11)
South Atlantic	$46,144 (9)	$36,417 (6)	$65,600 (3)
Central	$22,286 (35)	$26,227 (11)	$20,479 (24)
Western	$39,875 (16)	$35,500 (4)	$43,273 (11)
By no. of employees under respondent's supervision:*			
None/one	$22,561 (46)	$24,750 (22)	$21,059 (22)
2-5	$36,908 (36)	$42,591 (11)	$34,408 (25)
By sex:			
Male	$30,774 (70)	$33,327 (26)	$29,714 (43)
Female	$19,076 (17)	$21,500 (9)	$15,829 (7)
By years in the business:			
Up to 3 years	$13,930 (10)	$16,250 (6)	$10,450 (4)
4-10	$17,954 (28)	$20,458 (12)	$15,813 (15)
11-15	$35,714 (7)	$77,500 (2)	$19,000 (5)
16 and over	$37,774 (42)	$37,467 (15)	$39,019 (26)
By ad revenue:†			
Up to $999,999	$17,471 (7)	$25,125 (4)	$ 7,267 (3)
$1 million-$2,999,999	$33,950 (10)	$16,125 (4)	$45,833 (6)
$3 million-$7,999,999	$27,952 (21)	$29,692 (13)	$25,857 (7)
$8 million-$19,999,999	$28,210 (20)	$36,111 (9)	$21,745 (11)
$20 million and over	$37,233 (15)	$34,500 (2)	$37,654 (13)
By ad pages:†			
Up to 499	$29,726 (19)	$26,000 (8)	$32,436 (11)
500-999	$22,895 (19)	$20,000 (7)	$25,000 (11)
1,000 and over	$31,188 (41)	$37,438 (16)	$27,188 (25)
By frequency:†			
Weekly	$24,933 (15)	$35,286 (7)	$15,875 (8)
Monthly	$29,057 (61)	$30,565 (23)	$28,875 (36)
Biweekly/semimonthly	$47,200 (5)	$44,000 (1)	$48,000 (4)
Other	$11,167 (3)	$ 3,500 (1)	$15,000 (2)

***Not all data shown in this category**

†Refers to the largest revenue producing magazine on which respondent works

"You've got to make sure upper management realizes the tenor of the market. Realistic goals are necessary during this time of business publication market contraction."

Branch/regional manager in the Midwest, with two years of experience, earning approximately $50,000 in base salary and $10,000 in bonus/commission.

"Internal management problems are my biggest frustration. There's much waste of time explaining how the sales department works to management that's never been involved in sales."

Branch/regional manager in the West, earning a base salary in the low eighties, with a bonus/commission of $25,000.

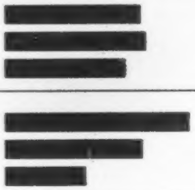
"I know I make too little money for this industry, but I choose to stay because I like my company and I value my freedom here."

Branch/regional manager in the Northeast, working on a business magazine, earning $35,000 in base salary and $10,000 in bonus/commission.

Ad sales person

Advertising sales person (may be called account executive): Calls on clients and agencies, makes presentations, maintains current accounts, develops new accounts.

Average salaries (The number of respondents is in parentheses.)



All respondents	$37,911 (107)
Business	$39,173 (82)
Consumer	$33,513 (24)
Top one-third	$53,260 (35)
Middle one-third	$38,028 (36)
Bottom one-third	$22,872 (36)

	Salary	Business salary	Consumer salary
By region:			
Northeast	$38,286 (51)	$40,121 (42)	$29,722 (9)
South Atlantic	$27,900 (10)	$25,125 (8)	$39,000 (2)
Central	$41,768 (34)	$41,819 (27)	$41,833 (6)
Western	$33,164 (11)	$39,250 (4)	$29,686 (7)
By no. of employees under respondent's supervision:			
None/one	$38,010 (104)	$39,163 (81)	$33,673 (22)
2 and more	$31,750 (2)	$0 (0)	$31,750 (2)
By sex:			
Male	$41,342 (67)	$41,543 (56)	$40,318 (11)
Female	$32,165 (40)	$34,069 (26)	$27,754 (13)
By years in the business:			
Up to 3 years	$28,925 (32)	$28,845 (22)	$27,889 (9)
4-10	$39,527 (48)	$41,071 (35)	$35,369 (13)
11-15	$51,714 (7)	$51,714 (7)	$0 (0)
16 and over	$43,580 (20)	$43,228 (18)	$46,750 (2)
By ad revenue:†			
Up to $999,999	$21,900 (7)	$27,750 (2)	$19,560 (5)
$1 million-$2,999,999	$34,976 (17)	$32,509 (11)	$39,500 (6)
$3 million-$7,999,999	$39,117 (48)	$39,417 (41)	$36,917 (6)
$8 million-$19,999,999	$46,265 (17)	$46,265 (17)	$0 (0)
$20 million and over	$36,600 (5)	$36,000 (2)	$37,000 (3)
By ad pages:†			
Up to 499	$32,959 (17)	$33,667 (6)	$32,573 (11)
500-999	$37,032 (28)	$38,195 (20)	$34,125 (8)
1,000 and over	$40,823 (52)	$41,200 (49)	$32,000 (2)
By frequency:†			
Weekly	$41,923 (13)	$42,455 (11)	$39,000 (2)
Monthly	$37,269 (74)	$39,084 (58)	$30,067 (15)
Biweekly/semimonthly	$41,217 (6)	$36,325 (4)	$51,000 (2)
Other	$35,869 (13)	$36,625 (8)	$34,660 (5)

†Refers to the largest revenue producing magazine on which respondent works

"It's difficult to get people in the business to return a simple phone call, not to mention answer a letter. For a business that essentially involves communication, I wonder about the skills of those in it."

Ad sales person, with six months of experience, working in the Northeast, earning a base salary in the high fifties.

"My objective is to get advertisers to focus on how the audience fits with their marketing strategy, rather than on how the editorial fits their product."

Ad sales person in the West, with four years of experience, earning $28,000 in base salary with bonus/commission in the low twenties.

"I'm always trying to make clients in the Southeast aware of the need to advertise; to convince them that advertising is an investment, not just an expense."

Ad sales person in the South working on a business magazine, earning a base salary in the low twenties and $9,000 in bonus/commission.

Average bonus/commission (The number of respondents is in parentheses.)

All respondents	$29,806 (119)
Business	$29,993 (91)
Consumer	$30,056 (27)
Top one-third	$58,846 (39)
Middle one-third	$22,788 (40)
Bottom one-third	$ 8,510 (40)

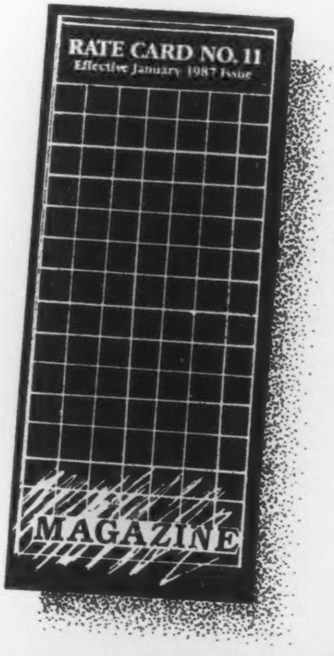
	Bonus/ commission	Bus. bonus/ commission	Con. bonus/ commission
By region:			
Northeast	$27,604 (56)	$29,093 (46)	$20,750 (10)
South Atlantic	$31,955 (11)	$34,850 (10)	$ 3,000 (1)
Central states	$27,070 (37)	$27,629 (28)	$27,750 (8)
Western	$43,429 (14)	$38,167 (6)	$47,375 (8)
By no. of employees under respondent's supervision:*			
None/one	$29,469 (115)	$29,207 (89)	$31,340 (25)
2-5	$14,000 (2)	$ 0 (0)	$14,000 (2)
By sex:			
Male	$32,583 (78)	$33,300 (65)	$29,000 (13)
Female	$24,522 (41)	$21,727 (26)	$31,036 (14)
By years in the business:			
Up to 3 years	$19,064 (33)	$20,942 (24)	$15,063 (8)
4-10	$30,045 (51)	$26,037 (35)	$38,813 (16)
11-15	$39,611 (9)	$40,813 (8)	$30,000 (1)
16 and over	$39,577 (26)	$41,208 (24)	$20,000 (2)
By ad revenue:†			
Up to $999,999	$34,500 (10)	$48,333 (6)	$13,750 (4)
$1 million-$2,999,999	$26,284 (19)	$25,117 (12)	$28,286 (7)
$3 million-$7,999,999	$29,208 (53)	$28,933 (45)	$34,286 (7)
$8 million-$19,999,999	$29,265 (17)	$29,265 (17)	$ 0 (0)
$20 million and over	$43,833 (6)	$43,500 (2)	$44,000 (4)
By ad pages:†			
Up to 499	$25,294 (18)	$38,163 (8)	$15,000 (10)
500-999	$29,682 (33)	$31,660 (25)	$23,500 (8)
1,000 and over	$28,629 (55)	$27,424 (51)	$56,667 (3)
By frequency:†			
Weekly	$30,208 (12)	$32,682 (11)	$ 3,000 (1)
Monthly	$31,535 (85)	$30,212 (66)	$37,806 (18)
Biweekly/semimonthly	$25,267 (6)	$30,150 (4)	$15,500 (2)
Other	$21,593 (14)	$26,144 (9)	$13,400 (5)

***Not all data shown in this category**

†Refers to the largest revenue producing magazine on which respondent works

> *"I'm realizing that no matter how glib and facile the advertising community is, its members can be hopelessly orthodox when it comes to considering a new buy."*
>
> Ad sales person in the Northeast, working on a consumer magazine, earning a base salary in the high fifties.

> *"My greatest ad sales challenge is having to sell over the telephone, with no face-to-face contact."*
>
> Ad sales person in the West with four years of experience, earning a base salary in the high twenties and bonus/commission of $12,000.



% whose companies offer deferred compensation

(The number of respondents is in parentheses.)

	Ad sales director	Ad sales mgr.	Ad branch/ regional mgr.	Ad sales person
Total	64.2%	66.7%	67.0%	62.9%
respondents	(179)	(78)	(91)	(124)
Business Magazine	76.1%	80.6%	64.9%	71.0%
respondents	(88)	(31)	(37)	(93)
Consumer Magazine	52.3%	57.8%	69.2%	36.7%
respondents	(88)	(45)	(52)	(30)
By sex:				
Male	65.9%	77.6%	65.7%	68.8%
	(138)	(49)	(70)	(80)
Female	58.5%	50.0%	71.4%	52.3%
	(41)	(28)	(21)	(44)
By ad revenue:†				
Under $5 million	51.1%	59.0%	56.6%	55.4%
	(88)	(39)	(30)	(56)
$5 million and over	77.5%	72.7%	73.9%	78.8%
	(80)	(33)	(46)	(52)

% whose companies have a ceiling on bonus/commission

(The number of respondents is in parentheses.)

	Ad sales director	Ad sales mgr.	Ad branch/ regional mgr.	Ad sales person
Total	14.5%	12.7%	15.6%	3.3%
respondents	(166)	(71)	(90)	(123)
Business magazine	14.8%	7.7%	2.7%	4.3%
respondents	(81)	(26)	(37)	(93)
Consumer magazine	13.3%	16.7%	25.5%	0.0%
respondents	(83)	(42)	(51)	(29)
By sex:				
Male	16.8%	17.0%	15.7%	2.5%
	(131)	(47)	(70)	(80)
Female	5.7%	4.3%	15.0%	4.7%
	(35)	(23)	(20)	(43)
By ad revenue:†				
Under $5 million	8.8%	9.1%	13.3%	1.8%
	(80)	(33)	(30)	(55)
$5 million and over	19.7%	15.6%	13.0%	3.8%
	(76)	(32)	(46)	(52)

†Refers to the largest revenue producing magazine on which respondent works

ing opportunities, and a sizable number were concerned with motivation—how to get it, how to keep it, and how to instill it in their personnel. Here is a sampling of comments:

"Getting to the 'yes or no' people in agencies is hard work. The 'media planner' title is used too much as a buffer between sales people and the A. E. and media directors."—Ad sales director with more than 30 years of experience, working in the Midwest, earning a base salary in the low forties and bonus/commission of $55,000.

"There's the endless pursuit of stealing away business from your competitor. The average ad budget is not getting any bigger; the number of new advertisers entering a marketplace isn't noticeably increasing."—Ad sales person in the Midwest, earning $60,000 in base salary and bonus/commission in the high teens.

"I need to maintain a positive, optimistic attitude to keep the staff going when I am aware of difficulties they're not privy to, like a raise freeze."—Ad sales director in the Northeast, supervising seven persons, earning $60,000 in base salary and a bonus/commission in the mid-teens.

But ad sales professionals would probably agree with one participant's assessment of his ultimate ad sales challenge: "Making the next sale!"☐

Methodology

Four hundred ninety of the 1,137 ad sales professionals who received questionnaires responded to FOLIO:'s second annual ad sales salary survey. Of the total responses, 475 contained sufficient information to be used for tabulation. The response rate is 43.1 percent. The survey was conducted in November and December of last year through two mailing efforts. Participants were asked to supply data reflecting 1987 earnings; if exact figures were unavailable, they were requested to estimate.

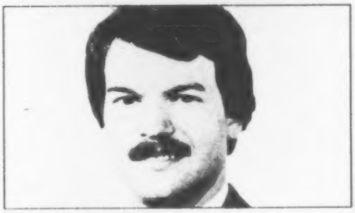
Of the 300 ad sales directors initially sampled, 104 (or 34.7 percent) work on magazines with revenues of $5 million or more; another 104 work on magazines with circulations of 100,000 or more; and the remainder are with magazines with less circulation. The make-up of our sample of ad sales managers was identical. For the 300 regional/branch managers FOLIO: originally sampled, 128, or 42.7 percent, work on magazines with revenues of $5 million or more. One hundred seventy-two (or 57.3 percent) work on publications of under 100,000 circulation. Three hundred twenty-six people comprised our initial ad sales persons sample. Thirty-five percent, or 114, work on magazines with revenues of $5 million of more; 35 percent, or 113, work on magazines with a circulation or 40,000 or greater; and 30 percent, or 99, are with publications with less circulation.

In some cases, respondents did not give an exact bonus or commission figure, but gave an expected range. Here the mean was used for tabulation. For example, if an ad sales professional indicated that his or her annual bonus/commission would be between $10,000 and $12,000, the arithmatic mean of $11,000 was accepted as that respondent's expected bonus/commission for the year.

A job description has been included with each compensation chart. These descriptions were printed on the questionnaire; respondents were asked to mark the description that most accurately listed their duties.

SLADE METCALF ON PUBLISHING AND THE LAW

Will cigarette advertising be banned?



A Supreme Court decision on casino gambling in Puerto Rico may affect legislation barring cigarette advertising in magazines

With the increasing awareness of the health dangers associated with cigarette smoking, the public has looked to more effective ways of discouraging the use of tobacco. One method receiving close discussion and scrutiny is a prohibition on cigarette advertising.

A ban on such advertising would have a direct and significant effect on magazines, which cigarette advertisers have found an attractive medium for their product. Unlike the black-and-white pages of newspapers and the nonvisual approach of radio, magazines are particularly suited for the promotion of cigarettes in display ads. The heavier stock of paper and the four-color pages in magazines aid in conveying the image that young, athletic, beautiful people enjoy the flavor and calming influence of smoking.

Cigarette advertising constitutes a substantial portion of the advertising revenue of many magazines. Publishers have argued and indeed lobbied against legislative efforts to prohibit or restrict cigarette advertising. In so doing, they have informally aligned themselves with legislators for tobacco-producing states, the American Association of Advertising Agencies, the American Newspaper Publishers Association, the Tobacco Institute, and even the American Civil Liberties Union. On the other side of the fence are such organizations as the American Medical Association, the American Cancer Society, the American Lung Association and the American Heart Association.

Faced with the obvious good will and public support for these health organizations, magazine publishers have focused on one major legal issue that should engender judicial and public acceptance—the First Amendment protection accorded to fair and accurate "commercial speech." Magazine publishers rightly ask why, if cigarette smoking is a lawful activity, the media and tobacco companies should be prohibited from informing the public of the nature and brand names of cigarettes.

Prior to July 1986, the judicial answer to this inquiry would have been easy: Neither Congress nor any other legislative body could ban advertising for lawful products or services, provided that the ads were truthful and were not deceptive or misleading.

Since 1948 the Supreme Court has distinguished between political (or editorial) speech and commercial speech. Pure commercial speech that does "no more than propose a commercial transaction" has historically been entitled to less constitutional protection than political speech. The Supreme Court has determined that government may regulate the content of commercial speech to prevent the dissemination of information that is false, deceptive or misleading, or which proposes an illegal transaction.

In accordance with this general rule, the Supreme Court has invalidated governmental restrictions on accurate advertising for such legal products and services as attorneys' services, contraceptives, abortions, pharmaceuticals and housing.

Determining constitutionality

In 1980, the Court, in the case of Central Hudson Gas & Electric Corp. v. Public Service Commission, promulgated a four-part analysis for use by

Tobacco ad expenditures in magazines

Top-10 brands	1986	1985	% change
1. Marlboro Lt, King, 100	$20,250,073	$10,767,060	+88.07
2. Marlboro Flt King & 100	20,049,929	3,233,185	+520.13
3. YSL Ritz 100 reg & mthl flt	19,294,947	1,906,441	+912.09
4. Now Flt 100	18,756,972	18,228,917	+2.9
5. Vantage King reg flt	18,238,683	21,093,545	−13.53
6. Marlboro Multi-Prod Adv	15,990,172	11,773,234	+35.82
7. Carlton Multi-Prod Adv	14,903,960	14,063,615	+5.98
8. Merit Flt 120	10,468,980	7,521,822	+39.18
9. Merit Flt King	10,278,323	14,114,691	−27.18
10. Merit King & 100 reg flt	9,116,876	NA	NA

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***A ban on cigarette advertising** would have a direct and significant effect on magazines, which cigarette advertisers have found an attractive medium for their product.*

lower Federal and state courts in deciding whether legislative restrictions on commercial speech are constitutional. First, a court must find that the advertising at issue relates to a lawful activity and is not misleading or fraudulent. Once that element of the test is satisfied, the commercial speech may be restricted only if 1) the government's interest in doing so is "substantial"; 2) the restriction directly advances the government's asserted interest; and 3) the restriction is no more extensive than necessary to serve that interest. This Central Hudson analysis is quite strict and compels the legislative body to justify the public policy for the restriction and the focused, limited nature of the restriction.

Many media lawyers assumed that the Central Hudson analysis would effectively eliminate legislative and administrative restrictions on truthful and nonmisleading advertisements for lawful products and services. However, in July 1986 the Supreme Court, by a 5-4 vote, upheld a Puerto Rican law that prohibited advertisements for casino gambling (a legal activity in Puerto Rico) when such advertisements were directed to Puerto Rican residents.

The Puerto Rican legal question on casino gambling advertising has some similarities to questions regarding bans on cigarette advertising.

Although casino gambling in Puerto Rico was legally available to both residents and nonresidents, a 1948 law and two implementing regulations barred all gambling parlors from advertising to the public in Puerto Rico. However, advertisements for Puerto Rican casinos could be placed in media outside Puerto Rico, provided that the government's Tourism Development Company gave its prior approval to the content of the ads. The purpose of the law and its regulations was to stimulate tourism in Puerto Rico and to provide additional income for the Puerto Rican treasury.

An owner of a gambling casino in Puerto Rico challenged the law and its implementing regulations as a violation of its commercial speech rights under the First and Fourteenth Amendments to the United States Constitution. A Puerto Rican court narrowed the construction of the statute to prohibit only those advertisements, placed by an ad agency, that "attract the resident to bet at the dice, card, roulette and bingo tables." As so interpreted, the court upheld the constitutionality of the advertising restrictions.

The Supreme Court, in an opinion written by the future Chief Justice William Rehnquist, analyzed the restrictions under the Central Hudson test and found the government's underlying purpose and methods to be supportable.

First, advertising for casino gambling was lawful and in the abstract was not misleading or fraudulent.

> "Is First Amendment protection accorded to fair and accurate 'commercial speech' in jeopardy?"

Second, Justice Rehnquist perceived that the interest of the government of Puerto Rico in restricting the demand for casino gambling by its residents was "substantial."

Third, he found that the suppression of commercial speech (advertising directed to Puerto Rican residents) directly advanced the government's interest in reducing "intrastate" demand for casino gambling.

Fourth, Justice Rehnquist (speaking for himself and Chief Justice Burger, and Justices White, Powell and O'Connor) concluded that the restrictions on commercial speech were no more extensive than necessary to serve the government's interest. In so doing, a majority of the Court in effect accepted the view that the average Puerto Rican resident will be dissuaded from engaging in a lawful activity by limiting his or her access to truthful, nonmisleading information as to the location, hours and rates of gambling casinos in Puerto Rico.

Asking for equal protection

In dissent, Justice Brennan (joined by Justices Marshall and Blackmun) rejected Justice Rehnquist's interpretation of the Central Hudson test and urged that this type of commercial speech should receive the same protection as accorded other kinds of speech where, as here, "the government seeks to manipulate private behavior by depriving citizens of truthful information concerning lawful activities." The dissenters stressed that once the Puerto Rican government determined that residents could lawfully attend gambling casinos in Puerto Rico (indicating that serious harm would not befall such participating residents), then the government's purported interest in discouraging such residents from engaging in casino gambling could not be deemed "substantial" under the Central Hudson test. (Justice Stevens, joined by Justices Marshall and Blackmun, also dissented, urging that the statutory scheme was a "prior restraint" and was "hopelessly vague and unpredictable.")

What is the effect of the Puerto Rican casino case on legislative efforts to ban cigarette advertising? On its face, the Supreme Court decision would seem to uphold the constitutionality of legislation restricting advertising. If the perceived desire of the Puerto Rican legislation to reduce the residents' demand for casino gambling is deemed "substantial," then a professed desire to reduce the incidence of cancer and other diseases through elimination of cigarette advertising would likely also be found to be substantial.

However, a change in the membership of the Supreme Court may have a more practical effect on any successful challenge to anticigarette advertising law. Justice Antonin Scalia, who in effect replaced the retired Chief Justice Burger, may agree with the dissenters that courts should be reluctant to uphold legislation that prohibits truthful, nonmisleading ads for products that are legal to sell. His vote may provide support to the many opponents of the law to ban cigarette advertising. Such a law would be the first step in prohibiting advertising for such products as beer, wine, red meat, synthetic food additives, and even eggs.

The First Amendment considerations are apparent. If cigarette smoking is legal, then tobacco companies should be permitted to advertise the products, and magazines should be allowed to publish their ads.☐

Slade R. Metcalf is a partner in the New York law firm of Squadron, Ellenoff, Plesent & Lehrer, where he specializes in media law and general litigation. He is also chairman of the Legal Affairs Committee of the Magazine Publishers Association.

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Editorial salary survey

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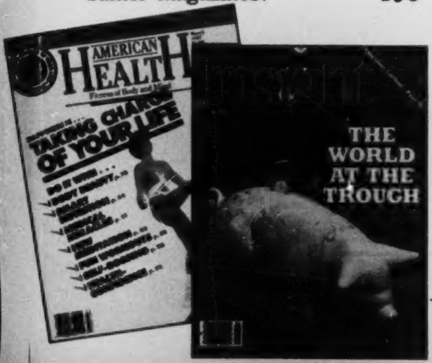
GLENN WOLFF

How do *you* rate? Analysis of 1987 salaries for more than 550 editors and art directors on consumer and business magazines by nine key factors. **91**

Consumer magazines: Why free circ pays

Have responses to subscription offers become so bad and advertisers so bent on targeting that it now makes sense to give away consumer magazines? **130**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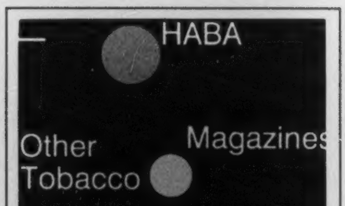

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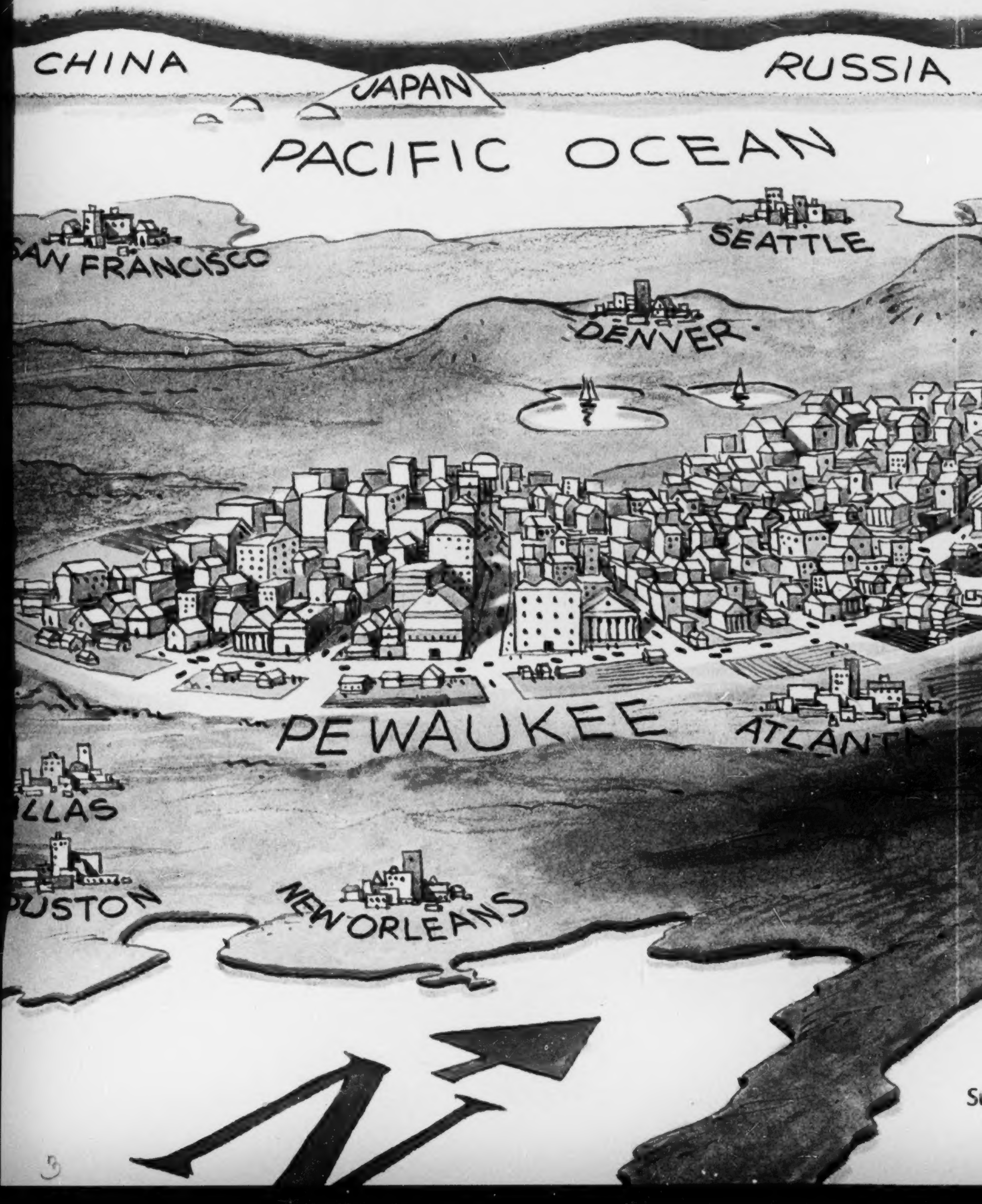
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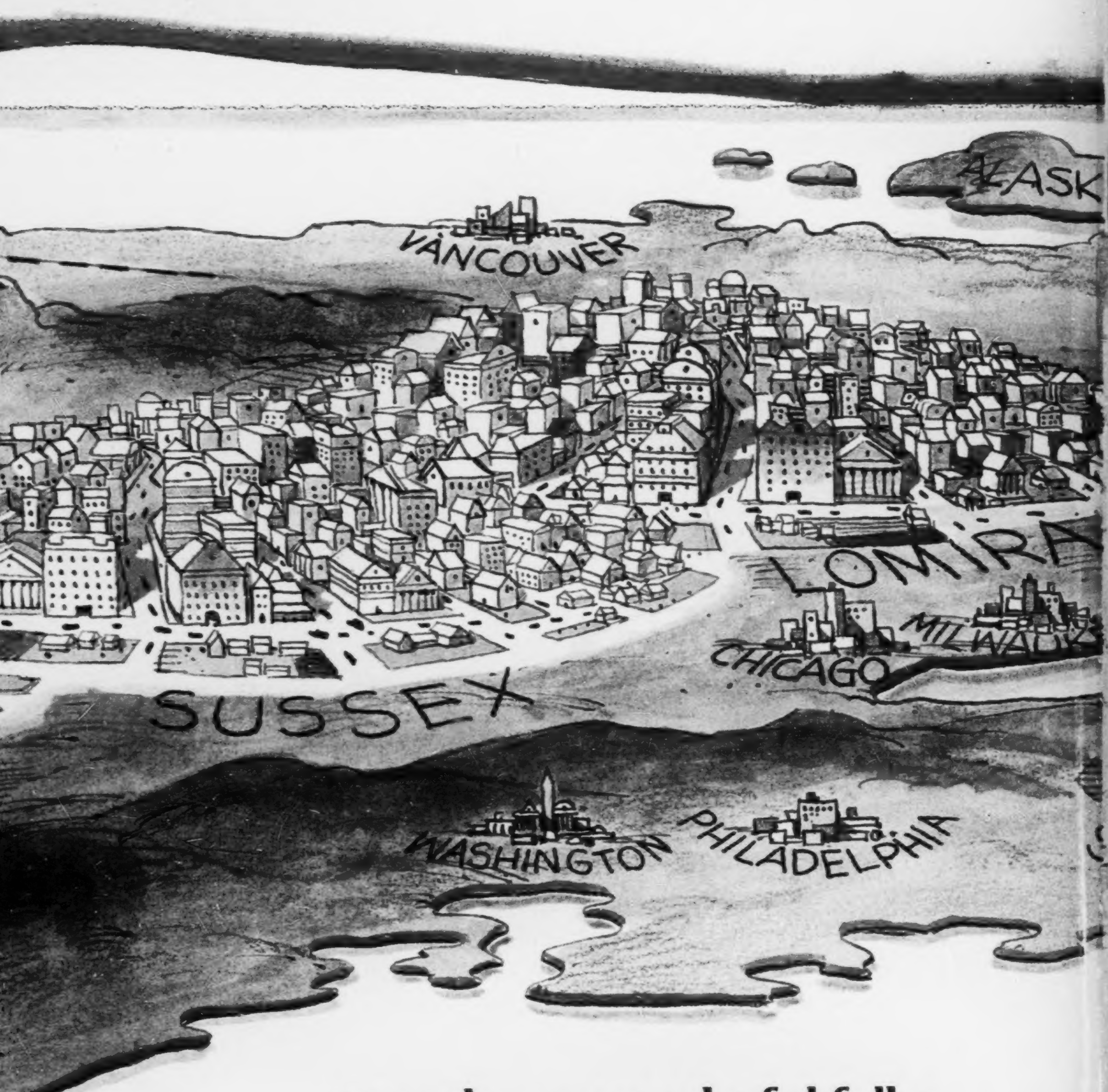
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Base cost for CustomData starts at about $150 per week, and varies upwards depending on the user's circulation and the cost of special reception hookups. However, notes Kieckhefer, the cost is lower than that of UPI's full service, and for special interest magazines it should be of greater value by eliminating wasted search efforts.☐

Newsstand dollars up, units down in '86

Las Vegas—Newsstand dollar sales for magazines in 1986 grew 3.2 percent over the previous year, according to John Harrington, president of the Council for Periodical Distributors Associations (CPDA).

Speaking at the Atlantic Coast Independent Distributors Association (ACIDA) convention, Harrington also revealed the following data, based on a poll of wholesalers conducted by CPDA:

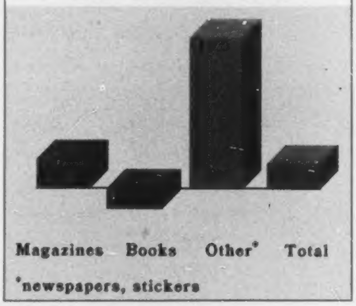
- Magazines' share of wholesalers' total revenues was 82.2 percent, up slightly from 1985.
- Returns grew from 48.3 percent in 1985 to 50.2 percent in 1986.
- An analysis of 299 titles in the Audit Bureau of Circulations (ABC) second-half 1986 Fas-Fax report, all of which had newsstand sales of at least 10,000 copies, showed a 2.8 percent decline in unit sales. With adult "sophisticate" titles removed, the decline was 0.8 percent.
- The sports, business and general interest categories grew in single-copy sales after a decline the previous year. Other categories—puzzles, regionals, music, young adult—declined after growing the prior year.
- In 1986, 14 titles averaged more than one million in unit single-copy sales, compared to 16 the year before; there were no newcomers in 1986.
- For magazines with more than 10,000 single-copy circulation, newsstand sales represented 30 percent of total circulation in 1986, compared to 31 percent in 1985 and 33 in 1984.☐

Average cover price rising

	Average cover price	% change from previous year
1986	$1.30	+ 6.6%
1985	1.22	—
1983	1.13	– 1.0
1981	1.03	+10.8

Source: Council for Periodical Distributors Associations

Percent change in net newsstand dollar sales



*newspapers, stickers

Unit sales of magazines on the newsstand were down last year, but dollar sales rose slightly.

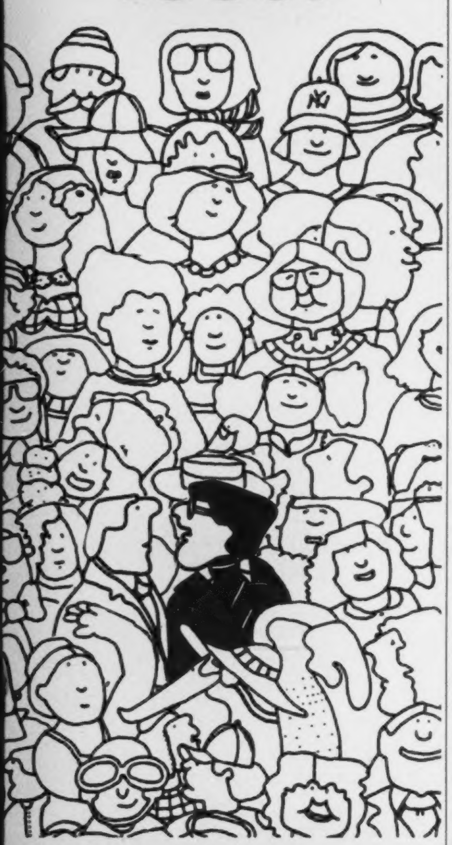
Share of wholesalers' 1986 revenues

*newspapers, stickers

As a percentage of wholesalers' business, magazines' dollar sales volume has grown slightly in the past few years, while books' sales have declined. The "other" category is expected to grow to 5 percent.

Source: Council for Periodical Distributors Associations

don't get lost!



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FOLIO:'s

Editorial salary survey

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GLENN WOLFF

Average salaries for five editorial positions plus art director broken down by nine key factors

BY SUZANNE ZELKOWITZ
ASSOCIATE EDITOR

Although there are considerable differences between the average salaries of men and women holding the positions of editor and art director, the sexes have achieved parity in the editorial management and managing editor categories.

Top editorial management on consumer titles outearn their counterparts on business publications. The greatest disparity is evidenced in the Northeast.

Experience pays off for veteran editors: Those with more than 10 years in the business take in more than double the salary of starting editors.

These are some of the findings of FOLIO:'s third editorial salary survey, covering five editorial titles and art directors. In this study, FOLIO: analyzes salaries by region, gender, years of experience, circulation and much more.

Here's what FOLIO: discovered from information provided by over 550 business and consumer magazine editorial and art professionals responding to our survey.

Editorial management

The average annual salary for someone with the title editor and publisher, editor in chief, editorial director or other top managerial position is $58,361.

Those on consumer titles earn $62,295 versus $55,580 for their colleagues on business magazines, or 12.1 percent more. In the Northeast, those on consumer publications outpull their business magazine peers by 18.1 percent—$78,959 compared to $66,875.

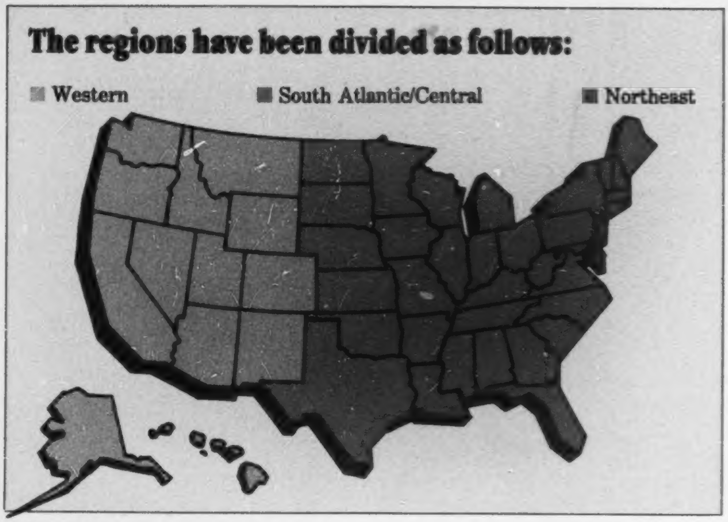
Those in editorial management working in the Northeast are way out in front of other regions in the country, in both consumer and business areas. Overall, the average salary for managers in the Northeast is $71,603. Trailing by 24.4 percent are those in the West, reporting $54,075. Close behind are those in the South Atlantic/Central region, with $49,918.

Men and women in editorial management are on an equal footing, with men earning $58,479, compared to women's $58,150. Interestingly, it's the women who skew the average in favor of consumer magazines. Although the difference in salaries between the two types of magazines is small for men—with business magazine men outearning their consumer colleagues by 9.6 percent—women managers on consumer magazines, at an average salary of $75,633, make 61.2 percent more than their sisters on business magazines.

Experience has its financial rewards. Veterans with more than 10 years in the business log almost twice as much as newer managers—$66,149 compared to $36,200. Mainstreamers, those with four to 10 years of service, come in at $48,962.

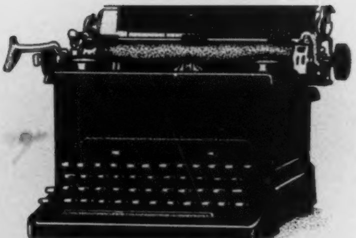
Not unexpectedly, average salaries rise as responsibility for supervising staff increases. Those who oversee more than 10 editorial employees register $87,273, or 79 percent more than editorial managers who supervise from two to five persons. On consumer titles, managers in charge of more than 10 employees earn the highest salary, $116,000, of any kind of category studied in the survey.

Managers with responsibility for two and more design employees post



"I'm trying to manage my staff more effectively and delegate responsibility so that it frees up my time to develop more creative editorial products."

Editor supervising 10 editorial and design personnel and earning a salary in the high thirties.



FOLLOWING ILLUSTRATIONS BY EARL KELENY

$74,194 as opposed to $44,926 for those having no personnel under them.

Not surprisingly, chief editors working for magazines with circulations of 100,000 and more make considerably in excess of their peers on titles with less than 50,000 circulation—$72,641 compared to $43,604, respectively.

Consumer monthlies pay better than business monthlies, according to our respondents. Top management's consumer average is $75,054 compared to $52,202 going to those who work on business publications.

Again, it's no surprise that as editorial pages go up, so do average salaries. Managers on magazines carrying 1,000 and more editorial pages receive $68,071 compared to the $47,110 earned by managers on titles with fewer than 500 pages.

Editor

The average salary for a magazine editor is $40,031, or 69 percent of what the editorial manager is making.

Consumer magazine editors enjoy a slight edge over their business counterparts, pulling down $41,521. This is 7 percent more than those on the business side of the fence, who garner $38,802.

Once again, those in the Northeast fare best, with overall salary standing at $45,115 compared to $35,726 for the South Atlantic/Central and $31,713 for the West. The trend holds for both business and consumer magazines, with Northeastern salary for the former coming in at $42,033 and the latter at $48,347.

Salaries for men in this category surpass women's by a wide margin, with men receiving $44,189 compared to women's $33,793, or 30.8 percent more.

Editors in charge of more than 10 editorial employees do significantly better than those without supervisory capacity—$70,781 compared to $28,456.

Managing editor

The average salary for managing editors, $37,083, is 7 percent below the editor's average salary. As with editors, there is little disparity between consumer and business magazines. Managing editors on consumer titles garner $38,406—roughly $2,000 more than their business title peers.

Women have achieved equality with men in this position, with women earning $36,900 and men receiving $37,236—a scant $300 more than their female counterparts.

There's a steady progression in salaries as circulations increase. Managing editors working on titles with circulations running up to 50,000 register $29,133; those whose circulations go to 100,000 post $38,364; and those whose circulations are 100,000 and more log in at $40,734.

A similar pattern prevails when annual editorial pages are compared; salary for those working on magazines with pages up to 500 stands at $24,183; those with pages up to 1,000 earn $36,708; and those with pages of 1,000 and more earn $46,181.

Senior/Associate editor

The average salary for a senior/associate editor is $27,659, or three-quarters that of a managing editor.

In this category, those on business magazines have gained a bit of ground over their consumer colleagues, with $28,501 compared to $26,852, respectively.

Overall, men outearn women, with the former's average salary at $29,438 compared to the latter's $26,548. While men on business magazines scored over their female counterparts—$32,657 compared to $26,250—women on consumer magazines scraped ahead of their male peers: $27,127 versus $26,440.

Copy editor

The average annual salary for the 35 copy editors responding to our survey is $22,098, which is 80 percent of the senior/associate editor's salary. Copy editors on consumer magazines trail their business magazine peers: $19,750 compared to $23,037.

Not unexpectedly, experience counts yet again. Copy editors with more than 10 years in the business get an average $30,250 against the $17,054 reported by those just starting out, or 77.3 percent more.

Art director

The art director's average salary is $37,697, virtually identical to a managing editor's salary ($37,083). For this group, working on a consumer magazine means higher compensation. Art directors who design consumer publications make $41,130, compared to those on business titles who get $34,264.

The Northeast again comes out on top as the highest paying region. Art directors in this part of the country earn $43,870 compared to $37,896 in the West and $35,328 in the South Atlantic/Central section.

Males considerably outdistance their female colleagues, earning $41,958 compared to $29,730, or 41.1 percent more.

Art directors who are responsible for two and more design or art employees receive $42,794, while those without employees to supervise get 30 percent less, or $30,043.

Bonus

For those editorial/design professionals reporting a bonus, the highest amount is received by editorial managers ($10,255). The lowest average, $883, goes to copy editors.

Deferred compensation

The majority of personnel in all categories, except senior/associate editor, report that they do have the option to participate in a deferred compensation, pension or profit sharing plan. The highest percentage, 64.8 percent, appears in the editorial management category; the lowest, 47.6 percent, shows up in the senior/associate editor position.

Using the numbers

It is important to use the salary information in this survey cautiously. In some instances, there were not enough respondents in certain cells to allow conclusions to be reached. For this reason, FOLIO: is publishing the number of respondents in each cell (these numbers are shown in parentheses).

The survey is also limited to comparing one variable at a time. For example, editorial managers in the Northeast are earning higher salaries than managers in other regions, but are the managers in the Northeast working on larger circulation magazines? Are the managers in the Northeast the ones with more experience? FOLIO: does not answer these questions.

In addition, this year FOLIO: has restructured its sample to broaden the sample base, eliminating the requirement that a fixed percentage of the sample be drawn from magazines with total revenues of around $5 million or more. Therefore, it is not possible to make comparisons with previous surveys. (*See the methodology sidebar.*)

Ambitious goals

FOLIO: received many insightful comments about editorial and design personnel's objectives. Here is a sampling:

"It's imperative to stay ahead of events, trends and reader knowledge/experience, so that my magazine can be a leader and bellwether when providing editorial content."—Editorial manager in the Midwest with more than 30 years of experience, earning approximately $50,000.

"My concern is meeting ambitious goals without staff burnout. We all love our work and have high standards and a never-ending supply of ideas—but we have a limited staff related to the volume of work required to achieve our goals."—Editor working on a consumer magazine in the Midwest earning $26,000.

"Developing and maintaining a sense of teamwork—a cooperative spirit--between editorial and production to produce both an effective and timely publication is something I strive after."—Managing editor in the Northeast working on a weekly business title, earning roughly $40,000.

"My credo is 'accuracy, thoroughness, interpretation.' "—Associate editor in the West with 10 years of experience earning a salary in the high teens.

"I'm *still* always looking for new ways of dealing with repeating subjects."—Art director in the West with 18 years of experience earning a salary in the low thirties.

Time and again respondents hammered home the theme that the goal is not merely to produce a magazine, but to produce a *great* magazine.

One editor summed up with this thrifty statement: "Surviving. Improving. Growing."

Methodology

Five hundred seventy-six of the 1,181 editorial and design professionals who received questionnaires responded to this survey. Of the total responses received, 556 contained sufficient information to be used for tabulation. The response rate is 48.8 percent.

The survey was conducted in January 1987 and reflects 1987 salaries. If respondents did not known their actual 1987 salaries, they were asked to estimate.

Sixty-five percent of those initially sampled work for publications with circulations of 100,000 or greater. Note that this year, FOLIO: has broadened its sample base and has eliminated the requirement that a fixed percentage of our sample be drawn from magazines with total revenues of around $5 million or more. Therefore, editorial and design salaries revealed in this study cannot be compared to the salaries published last year.

In some cases, respondents did not give an exact bonus figure, but gave an expected range. Here the mean was used for tabulation. For example, if an editorial or art professional indicated that his or her annual bonus would be between $10,000 and $12,000, the arithmetic mean of $11,000 was accepted as that respondent's expected bonus for the year.

A job description has been included with each compensation chart. These job descriptions were printed on the questionnaire. Respondents were asked to mark the description that most accurately listed their duties.

Editorial management

"Outthinking the competition, strategic planning, maintaining editorial integrity in the face of tight ad markets is what my job's all about."

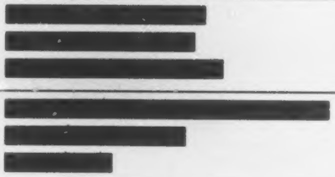
Editorial manager in the West with almost 15 years of experience, earning $100,000 in salary and a 10 percent bonus.

"Staying on time is hard because I always want to make the issue better."

Editorial manager in the West earning $100,000 in salary and roughly $70,000 in bonus.

Editorial management (editor and publisher, editor in chief, editorial director): Sets editorial policy. May hold other titles; may be in charge of other products and other departments in addition to editorial. The editor reports to this individual.

Average salaries (The number of respondents is in parentheses.)

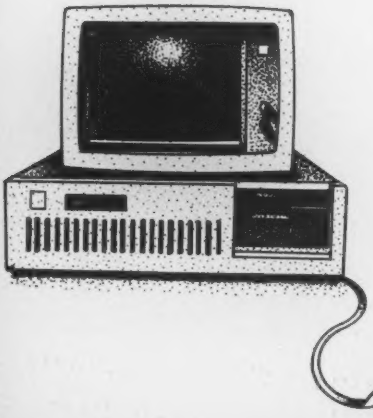


All respondents	$58,361 (128)
Business	$55,580 (75)
Consumer	$62,295 (53)
Top one-third	$92,292 (42)
Middle one-third	$52,988 (43)
Bottom one-third	$30,591 (43)

	Salary	Business salary	Consumer salary
By region:			
Northeast	$71,603 (46)	$66,875 (28)	$78,959 (18)
South Atlantic/Central	$49,918 (62)	$50,138 (40)	$49,518 (22)
Western	$54,075 (20)	$41,500 (7)	$60,846 (13)
By sex:			
Male	$58,479 (82)	$60,745 (47)	$55,436 (35)
Female	$58,150 (46)	$46,911 (28)	$75,633 (18)
By years in business:			
Up to 3 years	$36,200 (10)	$31,625 (4)	$39,250 (6)
4-10	$48,962 (39)	$49,132 (19)	$48,800 (20)
More than 10	$66,149 (78)	$60,186 (51)	$77,413 (27)
Responsible for:			
One magazine	$60,519 (77)	$55,122 (45)	$68,109 (32)
More than one magazine	$55,253 (48)	$56,667 (27)	$53,436 (21)
By no. of editorial employees supervised:			
None	$26,167 (6)	$24,250 (4)	$30,000 (2)
One	$33,000 (9)	$28,900 (5)	$38,125 (4)
2-5	$48,763 (63)	$53,129 (35)	$43,306 (28)
6-10	$72,744 (27)	$63,469 (16)	$86,236 (11)
More than 10	$87,273 (22)	$70,857 (14)	$116,000 (8)
By no. of design/art employees supervised:			
None	$44,926 (35)	$44,120 (25)	$46,940 (10)
One	$45,557 (35)	$52,263 (19)	$37,594 (16)
2 and more	$74,194 (58)	$66,855 (31)	$82,621 (27)
By circulation:†			
To 49,999	$43,604 (52)	$45,811 (37)	$38,160 (15)
50,000-99,999	$47,231 (13)	$48,600 (5)	$46,375 (8)
100,000 and more	$72,641 (62)	$67,591 (33)	$78,388 (29)
By frequency:*†			
Weekly	$54,778 (9)	$77,400 (5)	$26,500 (4)
Monthly	$60,733 (75)	$52,202 (47)	$75,054 (28)
By average editorial pages produced annually:†			
To 499	$47,110 (47)	$49,839 (28)	$43,087 (19)
500-999	$57,917 (48)	$58,815 (27)	$56,762 (21)
1,000 and more	$68,071 (28)	$59,444 (18)	$83,600 (10)

*Not all data shown

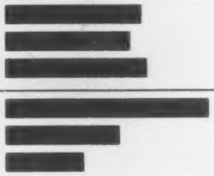
†Refers to largest-circulation magazine on which respondent works



Editor

Editor: Responsible for editorial direction, editorial content including both art and text and cover of the magazine.

Average salaries (The number of respondents is in parentheses.)



All respondents	$40,031 (150)
Business	$38,802 (75)
Consumer	$41,521 (72)
Top one-third	$59,090 (50)
Middle one-third	$36,385 (50)
Bottom one-third	$24,618 (50)

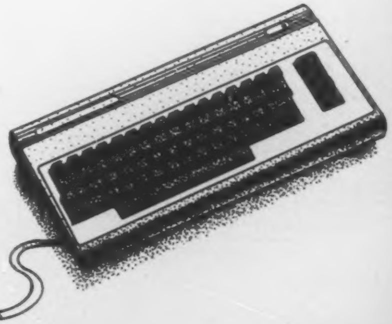
	Salary	Business salary	Consumer salary
By region:			
Northeast	$45,115 (71)	$42,033 (30)	$48,347 (38)
South Atlantic/Central	$35,726 (63)	$37,416 (40)	$32,787 (23)
Western	$31,713 (15)	$30,500 (5)	$32,320 (10)
By sex:			
Male	$44,189 (90)	$42,836 (48)	$45,736 (42)
Female	$33,793 (60)	$31,630 (27)	$35,620 (30)
By years in business:			
Up to 3 years	$24,246 (13)	$24,000 (9)	$24,800 (4)
4-10	$36,102 (79)	$33,462 (33)	$38,205 (43)
More than 10	$49,200 (57)	$48,179 (33)	$50,604 (24)
Responsible for:			
One magazine	$42,051 (109)	$40,595 (54)	$43,894 (53)
More than one magazine	$34,753 (40)	$34,350 (20)	$34,900 (19)
By no. of editorial employees supervised:			
None	$28,456 (25)	$26,889 (9)	$29,960 (15)
One	$32,373 (22)	$31,682 (11)	$33,064 (11)
2-5	$37,048 (63)	$35,914 (39)	$38,892 (24)
6-10	$46,205 (22)	$48,625 (8)	$45,192 (13)
More than 10	$70,781 (16)	$73,143 (7)	$71,938 (8)
By no. of design/art employees supervised:			
None	$33,558 (48)	$34,300 (28)	$33,179 (19)
One	$35,889 (41)	$35,157 (27)	$37,300 (14)
2 and more	$49,248 (58)	$52,917 (18)	$47,866 (38)
By circulation:†			
To 49,999	$30,513 (48)	$30,797 (35)	$29,700 (11)
50,000-99,999	$37,250 (16)	$40,000 (11)	$31,200 (5)
100,000 and more	$45,871 (85)	$48,009 (29)	$44,764 (56)
By frequency:*†			
Weekly	$34,000 (7)	$29,500 (4)	$40,000 (3)
Monthly	$39,972 (81)	$36,479 (41)	$43,644 (39)
By average editorial pages produced annually:†			
To 499	$32,819 (57)	$30,943 (28)	$35,154 (28)
500-999	$43,683 (45)	$40,145 (19)	$46,269 (26)
1,000 and more	$47,056 (39)	$48,435 (23)	$45,075 (16)

*Not all data shown

†Refers to largest-circulation magazine on which respondent works

> ***"How do you find topnotch writers? Even when I offer huge sums of money, I find the state of writers nationwide to be deplorable!"***
>
> Editor in the West with seven years of experience earning salary and bonus in the high thirties.

> ***"Sustaining a creative spark for myself and staff amid so many routine duties required to produce each issue is a great challenge."***
>
> Editor in the Midwest earning $50,000.



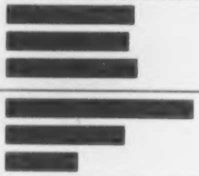
Managing editor

Managing editor: Coordinates editorial, art and production departments to ensure that the magazine is put out on time and in an acceptable form. Oversees the copy editing and proofreading staff to make sure the magazine is factually and grammatically correct.

> *"Cutting the cloth to fit the pattern (budget) is a continuing challenge. Here there's lack of a budget to finance stimulating full-color graphics."*
>
> Managing editor in the South earning a salary in the mid-thirties.

> *"Believe it or not I have to scramble trying to keep the number of editorial pages from being cut when advertising projections fall for any given issue."*
>
> Managing editor in the West with a salary in the low twenties.

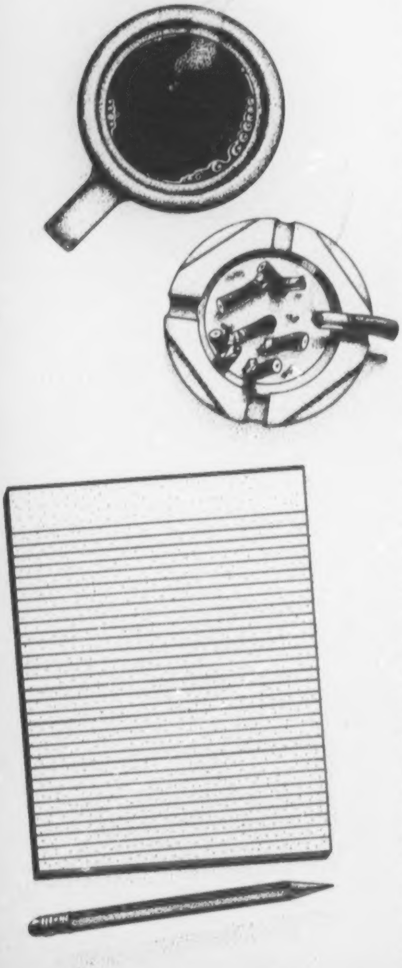
Average salaries (The number of respondents is in parentheses.)



All respondents	$37,083 (112)
Business	$36,191 (64)
Consumer	$38,406 (47)
Top one-third	$54,446 (37)
Middle one-third	$35,338 (37)
Bottom one-third	$21,876 (38)

	Salary	Business salary	Consumer salary
By region:			
Northeast	$40,602 (59)	$37,162 (34)	$45,280 (25)
South Atlantic/Central	$32,927 (44)	$33,488 (26)	$32,124 (17)
Western	$34,333 (9)	$45,500 (4)	$25,400 (5)
By sex:			
Male	$37,236 (61)	$36,658 (38)	$38,473 (22)
Female	$36,900 (51)	$35,508 (26)	$38,348 (25)
By years in business:			
Up to 3 years	$22,206 (18)	$22,962 (13)	$20,240 (5)
4-10	$34,188 (49)	$33,748 (25)	$34,761 (23)
More than 10	$46,418 (44)	$45,520 (25)	$47,600 (19)
Responsible for:			
One magazine	$38,808 (85)	$37,392 (49)	$40,986 (35)
More than one magazine	$31,652 (27)	$32,267 (15)	$30,883 (12)
By no. of editorial employees supervised:			
None	$27,125 (12)	$23,688 (8)	$34,000 (4)
One	$25,554 (13)	$24,800 (5)	$26,025 (8)
2-5	$33,361 (49)	$34,140 (30)	$32,139 (18)
6-10	$43,927 (22)	$42,846 (13)	$45,489 (9)
More than 10	$57,100 (15)	$52,688 (8)	$62,143 (7)
By no. of design/art employees supervised:			
None	$33,680 (41)	$33,029 (24)	$34,600 (17)
One	$30,708 (26)	$34,706 (17)	$23,156 (9)
2 and more	$44,524 (42)	$40,477 (22)	$49,868 (19)
By circulation:†			
To 49,999	$29,133 (33)	$31,056 (27)	$20,483 (6)
50,000-99,999	$38,364 (11)	$39,500 (6)	$37,000 (5)
100,000 and more	$40,734 (68)	$40,023 (31)	$41,589 (36)
By frequency:*†			
Weekly	$43,045 (11)	$38,143 (7)	$51,625 (4)
Monthly	$38,705 (57)	$34,661 (28)	$42,989 (28)
By average editorial pages produced annually:†			
To 499	$24,183 (24)	$24,385 (13)	$23,140 (10)
500-999	$36,708 (50)	$38,090 (30)	$34,635 (20)
1,000 and more	$46,181 (36)	$41,132 (19)	$51,824 (17)

***Not all data shown** **†Refers to largest-circulation magazine on which respondent works**

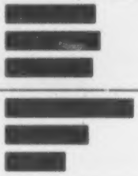


Senior/Associate editor

Senior editor: Heads editorial feature department. Plans and writes features in specialty areas. Responsible for all editorial work in that subject area. May oversee associate editors, freelance writers and designers.

Associate editor: The next level under the senior editor. Researches editorial and is sometimes responsible for organizing photography shoots. Keeps abreast of trends and news in a specialty area, attends trade shows, press conferences.

Average salaries (The number of respondents is in parentheses.)



All respondents	$27,659 (65)
Business	$28,501 (37)
Consumer	$26,852 (25)
Top one-third	$38,078 (21)
Middle one-third	$25,832 (22)
Bottom one-third	$19,541 (22)

	Salary	Business salary	Consumer salary
By region:			
Northeast	$29,162 (38)	$30,627 (20)	$28,240 (15)
South Atlantic/Central	$25,541 (17)	$27,722 (9)	$23,088 (8)
Western	$25,550 (10)	$24,063 (8)	$31,500 (2)
By sex:			
Male	$29,438 (25)	$32,657 (13)	$26,440 (10)
Female	$26,548 (40)	$26,250 (24)	$27,127 (15)
By years in business:			
Up to 3 years	$23,600 (21)	$23,600 (9)	$23,745 (11)
4-10	$26,713 (31)	$27,350 (20)	$25,678 (9)
More than 10	$36,473 (13)	$36,893 (8)	$35,800 (5)
Responsible for:			
One magazine	$28,207 (59)	$29,071 (34)	$27,445 (22)
More than one magazine	$22,274 (6)	$22,049 (3)	$22,500 (3)
By no. of editorial employees supervised:*			
None	$24,953 (33)	$25,279 (22)	$24,300 (11)
One	$30,313 (8)	$28,000 (4)	$32,625 (4)
2-5	$28,235 (17)	$34,667 (6)	$25,000 (8)
By no. of design/art employees supervised:			
None	$27,701 (47)	$29,506 (24)	$26,038 (21)
One	$23,750 (6)	$24,000 (5)	$22,500 (1)
2 and more	$27,429 (7)	$29,000 (4)	$25,500 (2)
By circulation:†			
To 49,999	$23,781 (16)	$24,417 (12)	$21,875 (4)
50,000-99,999	$24,543 (8)	$24,129 (5)	$25,233 (3)
100,000 and more	$29,963 (40)	$32,045 (20)	$28,565 (17)
By frequency:*†			
Weekly	$43,000 (5)	$44,333 (3)	$41,000 (2)
Monthly	$25,394 (41)	$25,669 (21)	$25,283 (18)
By average editorial pages produced annually:†			
To 499	$24,333 (9)	$23,875 (4)	$24,700 (5)
500-999	$25,871 (26)	$26,171 (12)	$25,662 (13)
1,000 and more	$30,683 (23)	$32,083 (18)	$25,800 (4)

*Not all data shown

†Refers to largest-circulation magazine on which respondent works

"Developing new editorial products that are well received by our market, organizing internal operations to get the job done effectively and improving staff morale, especially when senior management isn't always cooperative is my goal."

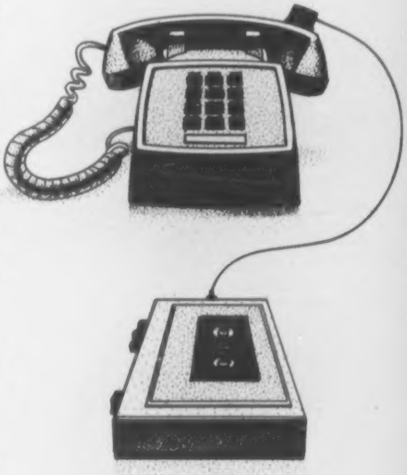
Senior editor in the West earning $40,000.

"The trick is to find outstanding writers and get them to work cheap."

Senior editor in the Northeast earning salary and bonus in the mid-twenties.

"Achieving clarity on a deadline is not easy, but it's what I aim for."

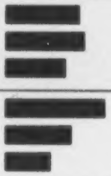
Associate editor in the West earning salary and bonus in the low twenties.



Copy editor

Copy editor: Copy edits, proofreads, prepares copy for printer. Has responsibility for accuracy of all editorial copy. May assist managing editor. Responsible for flow of editorial copy from editorial department to printer.

Average salaries (The number of respondents is in parentheses.)



All respondents	$22,098 (35)
Business	$23,037 (25)
Consumer	$19,750 (10)
Top one-third	$31,855 (11)
Middle one-third	$20,625 (12)
Bottom one-third	$14,626 (12)

	Salary	Business salary	Consumer salary
By region:			
Northeast	$23,459 (18)	$23,663 (17)	$20,000 (1)
South Atlantic/Central	$21,013 (12)	$22,442 (6)	$19,583 (6)
Western	$19,800 (5)	$19,500 (2)	$20,000 (3)
By sex:			
Male	$23,532 (11)	$25,407 (7)	$20,250 (4)
Female	$21,440 (24)	$22,115 (18)	$19,417 (6)
By years in business:			
Up to 3 years	$17,054 (14)	$16,250 (9)	$18,500 (5)
4-10	$22,513 (13)	$22,667 (10)	$22,000 (3)
More than 10	$30,250 (8)	$33,833 (6)	$19,500 (2)
Responsible for:			
One magazine	$22,804 (26)	$23,121 (20)	$21,750 (6)
More than one magazine	$20,056 (9)	$22,700 (5)	$16,750 (4)
By no. of editorial employees supervised:*			
None	$19,534 (22)	$19,583 (15)	$19,429 (7)
One	$23,817 (6)	$25,350 (4)	$20,750 (2)
2-5	$27,191 (4)	$27,191 (4)	$ 0 (0)
By no. of design/art employees supervised:			
None	$21,947 (30)	$22,723 (22)	$19,813 (8)
One	$16,000 (1)	$16,000 (1)	$ 0 (0)
2 and more	$24,667 (3)	$30,000 (2)	$14,000 (1)
By circulation:†			
To 49,999	$22,192 (6)	$23,830 (5)	$14,000 (1)
50,000-99,999	$17,750 (2)	$19,000 (1)	$16,500 (1)
100,000 and more	$22,399 (27)	$23,040 (19)	$20,875 (8)
By frequency:*†			
Weekly	$29,900 (3)	$29,900 (3)	$ 0 (0)
Monthly	$21,315 (14)	$22,192 (10)	$19,125 (4)
By average editorial pages produced annually:†			
To 499	$18,910 (10)	$18,775 (4)	$19,000 (6)
500-999	$18,759 (13)	$18,397 (11)	$20,750 (2)
1,000 and more	$28,371 (12)	$29,845 (10)	$21,000 (2)

***Not all data shown**

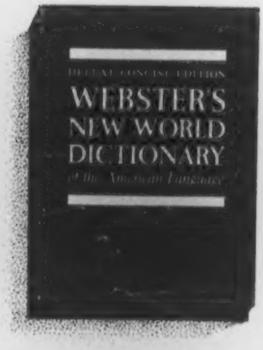
†Refers to largest-circulation magazine on which respondent works

> ***"My problem is avoiding permanent retinal damage!"***

Copy editor in the Northeast earning $30,000.

> ***"The lack of foresight among editorial management staffs creates complex problems for the copy edit department. Maintaining accuracy during deadline pressure is also a concern."***

Copy editor in the Northeast with one year of experience.

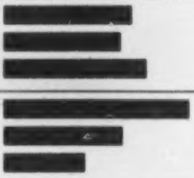


MARCH'S
Thesaurus
Dictionary

Art director

Art director: Oversees all editorial art and design work for the magazine. Oversees art production. Also heads photography and illustration.

Average salaries (The number of respondents is in parentheses.)



All respondents	$37,697 (66)
Business	$34,264 (33)
Consumer	$41,130 (33)
Top one-third	$54,077 (22)
Middle one-third	$34,400 (22)
Bottom one-third	$24,614 (22)

	Salary	Business salary	Consumer salary
By region:			
Northeast	$43,870 (10)	$32,540 (5)	$55,200 (5)
South Atlantic/Central	$35,328 (29)	$34,405 (21)	$37,750 (8)
Western	$37,896 (26)	$34,333 (6)	$38,965 (20)
By sex:			
Male	$41,958 (43)	$38,114 (21)	$45,627 (22)
Female	$29,730 (23)	$27,525 (12)	$32,136 (11)
By years in business:			
Up to 3 years	$26,000 (11)	$21,800 (5)	$29,500 (6)
4-10	$34,708 (24)	$32,077 (13)	$37,818 (11)
More than 10	$45,115 (26)	$40,285 (13)	$49,946 (13)
Responsible for:			
One magazine	$34,878 (37)	$31,368 (19)	$38,583 (18)
More than one magazine	$41,293 (29)	$38,193 (14)	$44,187 (15)
By no. of editorial employees supervised:*			
None	$34,338 (39)	$31,726 (23)	$38,094 (16)
One	$40,400 (5)	$36,500 (2)	$43,000 (3)
2-5	$37,288 (8)	$30,000 (3)	$41,660 (5)
By no. of design/art employees supervised:			
None	$30,043 (14)	$31,350 (8)	$28,300 (6)
One	$32,360 (15)	$32,175 (8)	$32,571 (7)
2 and more	$42,794 (34)	$38,033 (15)	$46,553 (19)
By circulation:†			
To 49,999	$35,838 (8)	$38,675 (4)	$33,000 (4)
50,000-99,999	$28,600 (10)	$28,500 (7)	$28,833 (3)
100,000 and more	$39,900 (47)	$35,295 (22)	$43,952 (25)
By frequency:*†			
Weekly	$34,629 (7)	$34,475 (4)	$34,833 (3)
Monthly	$38,797 (39)	$32,656 (18)	$44,062 (21)
By average editorial pages produced annually:†			
To 499	$34,676 (17)	$32,571 (7)	$36,150 (10)
500-999	$37,900 (22)	$34,231 (13)	$43,200 (9)
1,000 and more	$41,085 (20)	$35,518 (11)	$47,889 (9)

*Not all data shown

†Refers to largest-circulation magazine on which respondent works

"I'm all for pushing the publisher and editorial staff into more creative solutions."

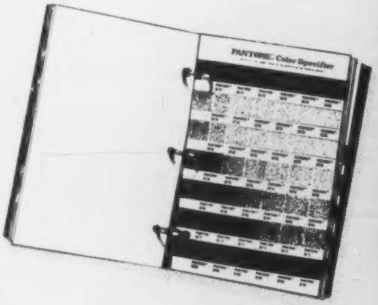
Art director in the Midwest earning a salary in the low twenties.

"Dealing with copy heavy, nonvisual editors is the hardest part of my job."

Art director in the Northeast earning $30,000.

"The division between editorial and design—the 'who's responsible for what'—is unclear. Can an art director change 'heads' to look better?"

Art director in the West with 20 years of experience earning a salary of about $40,000.

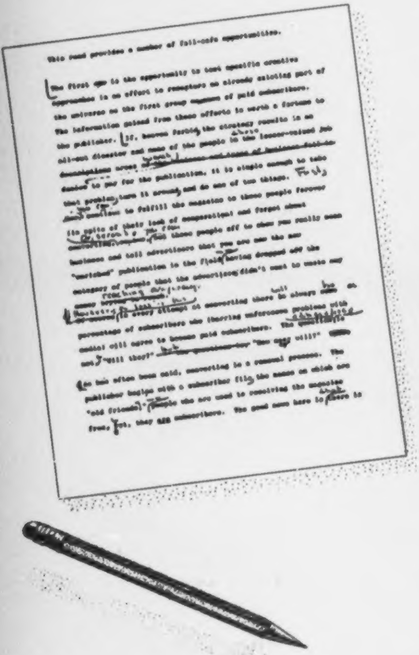


Annual average bonus, by title

"My motto is to keep fresh, avoid complacency, think like a reader of the magazine and always make a better magazine each month."

Editor in the Northeast with 10 years of experience earning a salary in the mid-fifties.

[redacted]



Average anticipated amount (The number of respondents is in parentheses.)

	Editorial management	Editor	Managing editor	Senior/Assoc. editor	Copy editor	Art director
Average, all respondents	$10,255 (63)	$2,760 (69)	$2,292 (41)	$1,531 (26)	$ 883 (6)	$3,890 (25)
By region:						
Northeast	$11,300 (24)	$3,318 (34)	$2,545 (22)	$1,663 (16)	$1,000 (2)	$3,417 (3)
South Atlantic/ Central	$ 7,375 (28)	$2,150 (24)	$1,483 (15)	$1,5[illegible] (7)	$ 825 (4)	$5,041 (11)
Western	$15,305 (11)	$2,250 (10)	$3,935 (4)	$ 900 (3)	$ 0 (0)	$2,868 (11)
By sex:						
Male	$ 8,418 (40)	$2,957 (42)	$2,545 (20)	$1,400 (11)	$1,000 (3)	$4,929 (17)
Female	$13,450 (23)	$2,454 (27)	$2,052 (21)	$1,627 (15)	$ 767 (3)	$1,681 (8)
By circulation:†						
To 49,999	$ 5,207 (22)	$1,737 (17)	$1,679 (14)	$ 783 (6)	$ 0 (0)	$3,600 (3)
50,000-99,999	$13,167 (6)	$2,564 (7)	$2,277 (5)	$1,750 (2)	$1,000 (1)	$ 375 (2)
100,000 and more	$13,015 (34)	$3,177 (45)	$2,686 (22)	$1,756 (18)	$ 860 (5)	$4,285 (20)

†Refers to largest-circulation magazine on which respondent works

Percentage whose companies offer deferred compensation, by title

(The number of respondents is in parentheses.)

	Editorial management	Editor	Managing editor	Senior/Assoc. editor	Copy editor	Art director
Total respondents	64.8% (128)	53.7% (149)	58.0% (112)	47.6% (63)	55.9% (34)	60.3% (63)
Business magazine respondents	74.7% (75)	60.8% (74)	59.4% (64)	61.1% (36)	56.0% (25)	63.3% (30)
Consumer magazine respondents	50.9% (53)	48.6% (72)	57.4% (47)	33.3% (24)	55.6% (9)	57.6% (33)
By region:						
Northeast	73.9% (46)	54.9% (71)	57.6% (59)	51.4% (37)	44.4% (18)	50.0% (10)
South Atlantic/ Central	61.3% (62)	58.1% (62)	63.6% (44)	62.5% (16)	75.0% (12)	59.3% (27)
Western	55.0% (20)	33.3% (15)	33.3% (9)	10.0% (10)	50.0% (4)	64.0% (25)
By circulation:†						
To 49,999	61.5% (52)	29.8% (47)	48.5% (33)	31.3% (16)	83.3% (6)	50.0% (8)
50,000-99,999	38.5% (13)	75.0% (16)	72.7% (11)	42.9% (7)	50.0% (2)	33.3% (9)
100,000 and more	72.6% (62)	63.5% (85)	60.3% (68)	55.0% (40)	50.0% (26)	66.7% (45)

†Refers to largest-circulation magazine on which respondent works

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Cosby on Ki
Teens and Dieting

PHOTOGRAPH BY LAWRY FRANK

Starting a magazine on a shoestring

It takes a dream, ambition and perseverance to start a magazine, but 12 entrepreneurs found it doesn't always take lots of money. **88**

The New Yorker's Andy Logan

Women reporters were a rare breed at *The New Yorker* when Logan came aboard, but she has survived for 45 years. **47**

WENDY BARROWS

Seven successful renewal strategies

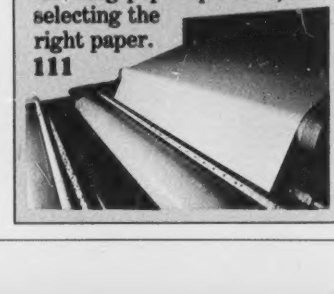
David Leckey, a circulation director for CBS Magazines, shares renewal strategies that work for him, and may work for you. **126**

Business titles yield to rate-card pressure

Under intensifying heat to offer off-the-rate-card deals, business publishers are giving in to advertiser demands. But when price becomes king, warns one executive, editorial quality suffers. **15**

What paper should you use?

To get what's best for your magazine, you must consider more than grade and weight. Consultant Alex Brown guides you through the process of defining your needs, understanding paper qualities, and selecting the right paper. **111**



July 1987

ARF/ABP ad study complete 15

The evidence is in: Heavier business-to-business ad schedules increase sales, leads and, most important, profit for marketers, according to final results of ARF/ABP study.

As business advertising rises, so does marketer's profit

Advertising level	Indexed cumulative profit 16 mos. after campaign began
None (base)	100
Light	350
Medium	357
Heavy	631

Where to get start-up money 102

To begin the fund-raising process with your eyes wide open, explore these six sources of capital and learn what each will expect of you.

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Shifts in the marketplace make it necessary to re-evaluate circulation plans. E. Daniel Capell, editor of *Capell's Circulation Report*, looks at what's happened and what's ahead.

Avoid these editorial traps 137

Are you letting the quality of your editorial slip? Before you get too smug about the editorial in your magazine, see if you are guilty of any of the five editorial failings listed here.

Fulfillment: A buyer's market 22

Publishers are demanding more for their fulfillment dollar as competition, coupled with technology improvements, causes prices to stabilize and even drop.

Rolling Stone looks back 61

As *Rolling Stone* turns 20, it traces the tumultuous times of its youth—and celebrates in a style befitting the slick pop culture magazine it has become.

Business advertising works 164

HBJ's Robert Edgell hails the ARF/ABP study on business advertising: Finally, proof for the naysayers.

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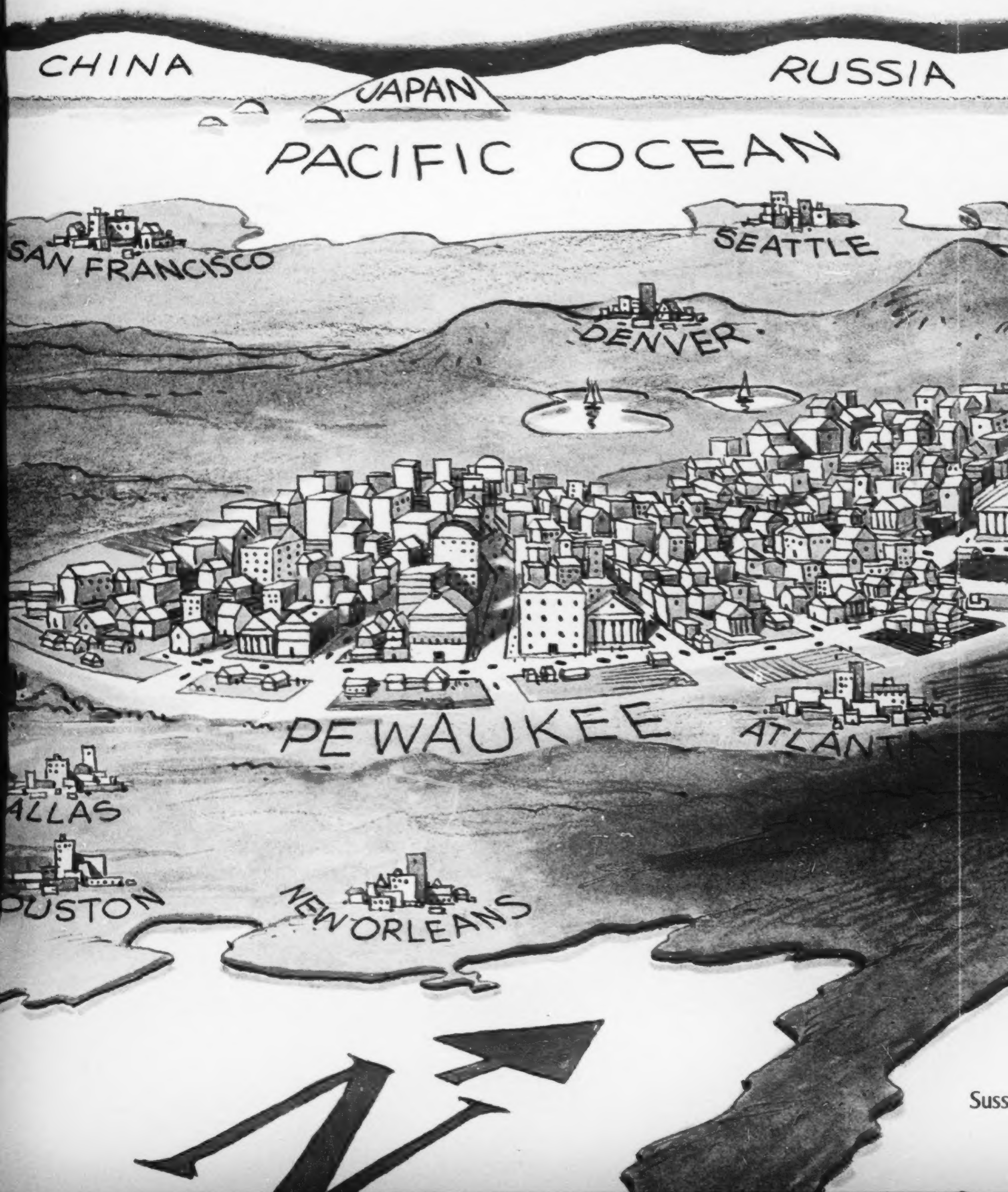
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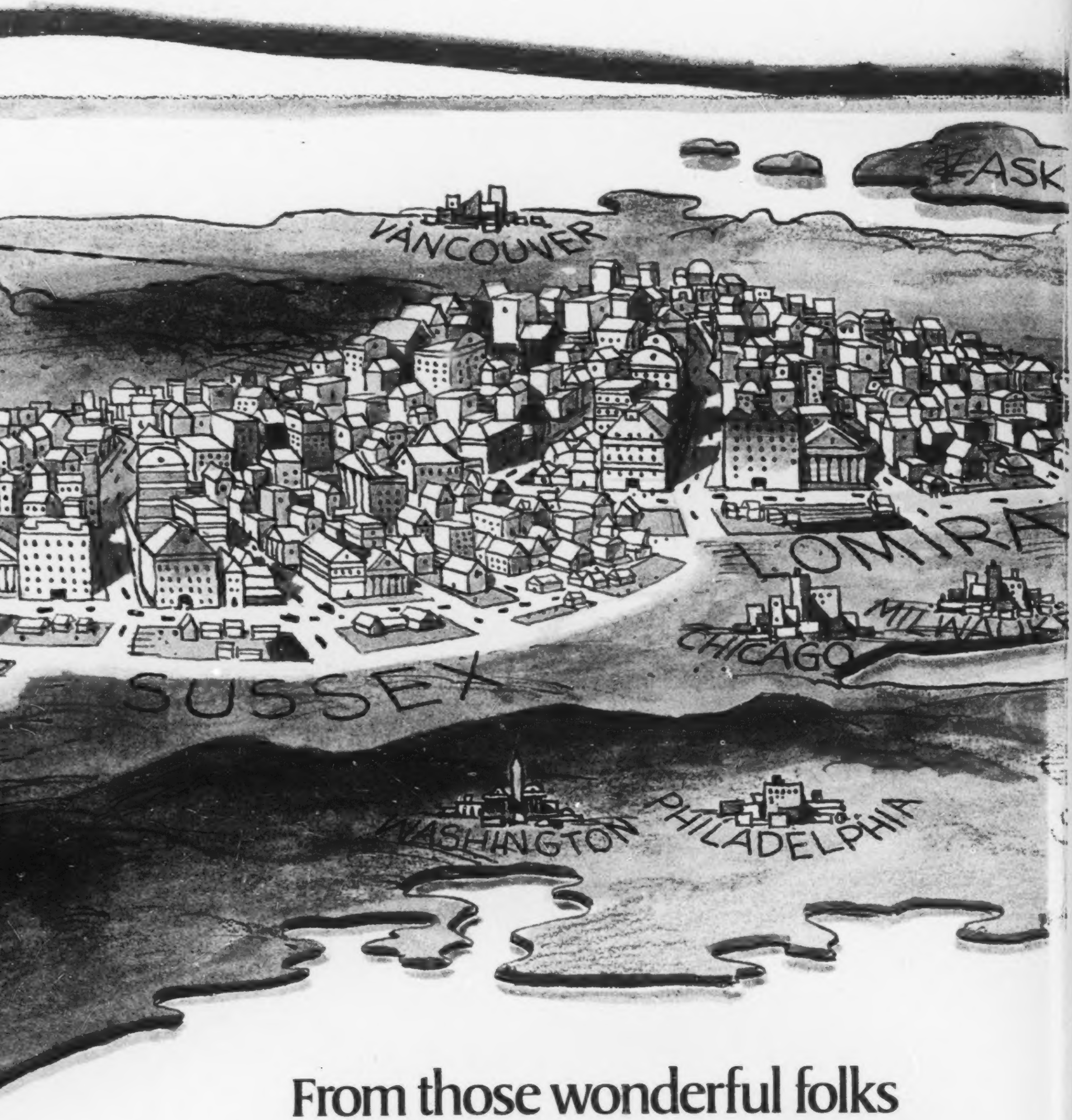
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will cease to do business with them, he asserts.

Mecca's Circulation Builders was one of several defendants in a lawsuit several years ago, in which some sales crew members tried to hold magazine publishing companies and cash field agents accountable for alleged mistreatment. The publishing defendants included The Hearst Corporation, The New York Times Co. and Petersen Publishing Co.

A Federal judge in New York dismissed the suit.

Publishers are concerned about abuse, but can do little to monitor what happens in the field, say some circulation directors contacted by FOLIO:.

"We can have only so much control," says Marc Jacob, circulation director of *The Atlantic*. The magazine keeps track of disreputable field agents through information supplied by the Audit Bureau of Circulations, and by word of mouth.

Consultants are another good source of information on agents, says Michelle Jones, circulation director of *Working Woman* and *Success!* She adds that cash field subscription business actually amounts to a very small percentage of total circulation for magazines.

William Gorog, president of the Magazine Publishers Association (MPA), testified at the hearings and reported that cash field agents generate about 1 percent of all subscriptions.

To help consumers become aware of fraudulent selling practices, the MPA is sponsoring a consumer protection booklet, says Jones, a coauthor.☐

Consumers get more from magazines

TV lags as source of product information; ads more 'insulting,' MPA study finds

Consumers reveal that magazines are the medium that best satisfy their needs for both information and entertainment, according to a recent study by the Magazine Publishers Association. As the preferred medium, magazines evoke more favorable and responsive reader attitudes toward the advertising they carry—significantly higher than television advertising.

The telephone survey, "A study of media involvement," was conducted by Audits & Surveys, Inc., from a random sample of 2,000 adult men and women in November 1986.

The study concludes that "magazines are so dominant in providing information that in every instance magazines contribute the most knowledge and usable ideas to more people on every measured subject . . . than does any other medium"—even among people who describe themselves as heavy television watchers but only light magazine readers.

As information source

Among 19 major fields of interest—including automobiles, entertaining, money matters and travel—the study found in each case that magazines make the largest contribution to knowledge and usable ideas. Further, the findings indicate greater dependence on magazines among young, educated, affluent, executive adults.

In terms of satisfying needs for both entertainment and information, men and women preferred magazines as the medium that best fits their lifestyles and personal needs. The margin of preference for magazines over television was especially pronounced among young professional women—55 percent chose magazines while 23 percent preferred television.

Most people also felt better disposed to magazines than television. The study found that consumers' favorable response to magazine advertising averages 20 percent higher than that for television. What's more, positive response to magazine advertising outweighed negative feelings by nearly three to one; negative attitudes toward television averaged nearly as high as the positive attitudes. Television commercials are more than twice as likely to be found insulting, silly or juvenile than magazine ads, and much more likely to be found unbelievable than are magazine ads.

Consumers overall prefer that magazines carry advertising, while less than 50 percent of the men and women surveyed said they prefer television to carry advertising. More than 80 percent said they thought there is too much advertising on television, while

Magazines contribute more to daily living

Question: "Which medium is most effective in contributing to overall knowledge or furnishes the most usable ideas about the following?"

	Men		Women	
	Magazines	TV	Magazines	TV
Automobiles (buying, operating and maintaining)	59%	11%	48%	18%
Food (planning, buying, preparing and serving)	49	13	60	9
Money matters (personal and family)	50	12	50	11
Sports (personal participation/improving skills)	52	23	47	21
Travel	46	19	43	21

Source: Magazine Publishers Association

***Magazines by far outpace television** as a source of knowledge and usable ideas in 19 subjects which consumers find important to daily life, according to an MPA study.*

just over 50 percent held that belief for magazines.

As a group, the study found, working women depend on magazines for information significantly more than do women who do not work outside the home, and they turn to magazines more often than to any other medium. Working women not only hold a more favorable attitude toward magazine advertising, but are more likely to read magazine ads and seek out products and services at retail outlets, or to order by mail or phone, than are women who do not work outside the home.

Consumer advertising in magazines was also shown to be more effective at stimulating readers to seek out those products and services. Forty-five percent of women said they shopped for a product or service after seeing it in a magazine ad, while only 36 percent of women reported shopping for specific products in response to television advertising. Respondents were also twice as likely to place orders by mail or phone after seeing magazine ads than television commercials.☐

ABP elects officers, directors

Wesley Chapel, Fla.—The Association of Business Publishers (ABP) has elected William L. Gorman as chairman during its annual meeting. Gorman, president and CEO of Gorman Publishing Company, was previously vice chairman. He succeeds Robert L. Edgell, vice chairman of Harcourt Brace Jovanovich, Inc.

Other officers voted in to serve one-year terms include Charles W. Cleworth, president, RCR Publications Inc., first vice chairman; Ronald G. Segel, president, Cahners Publishing Company, second vice chairman; Robert G. Burton, president, ABC Publishing, secretary; and Domenic A. Mucchetti, group vice president, Hearst Business Publishing, treasurer.

Four new directors elected to three-year terms were John Evans, president, Murdoch Magazines; Donald McAllister Jr., president, Geyer-McAllister Publications, Inc.; Kenneth M. Nelson, president, Gordon Publications, Inc.; and William C. Vance, chairman, Vance Publishing.

Directors re-elected to three year terms are Dale R. Bauer, chairman,

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Subscription marketing trends

Shifts in the market make it necessary to re-evaluate circulation plans; what worked yesterday may not work today

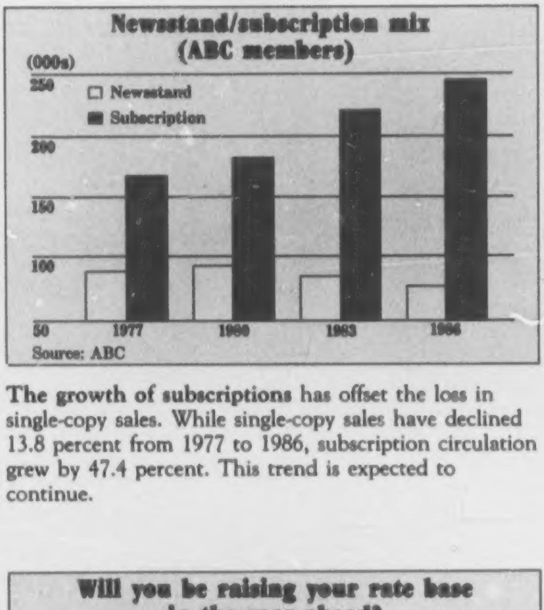
The way to deal with a competitive marketplace is to keep abreast of changes, and there are important changes taking place in the subscription circulation marketplace.

On the following pages, E. Daniel Capell, president of Compuname/Names in the News, Inc., shares his analyses of circulation trends with FOLIO: readers. The charts are based on information from the Audit Bureau of Circulations (ABC), Publishers Clearing House (PCH), and *Capell's Circulation Report* (*CCR*), an industry newsletter of which Capell is editor.

It is interesting to note that some very recent hot trends, such as the rise of the gimmick offer (premiums, sweepstakes and comp copies) documented here, may be beginning to slip in terms of use. Capell believes circulators would be wise to return to the hard offer—a move that would be healthier for the industry in the long run.

Television has not yet become the new subscription source that circulators had hoped, Capell points out, but he believes there is untapped potential in this medium.

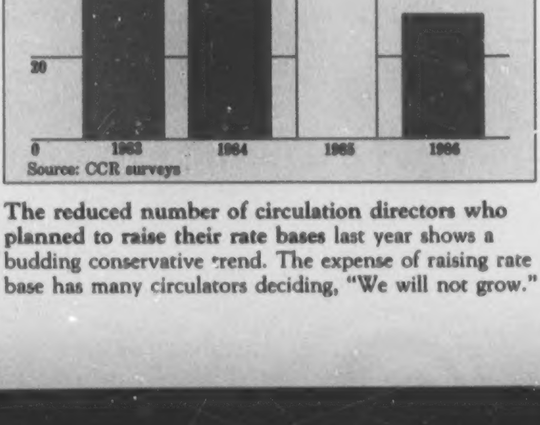
"We must find a way to make television work," he concludes. The deepening penetration of cable television and videocassette recorders in American households can be tapped as a new subscription source instead of viewed as competition for the consumer's time, he said.



Source: ABC

GRAPHS BY SHARON NOE

The growth of subscriptions has offset the loss in single-copy sales. While single-copy sales have declined 13.8 percent from 1977 to 1986, subscription circulation grew by 47.4 percent. This trend is expected to continue.



Source: CCR surveys

The reduced number of circulation directors who planned to raise their rate bases last year shows a budding conservative trend. The expense of raising rate base has many circulators deciding, "We will not grow."

Circulation trends: Part 1

Non-rate-base claimers

Arts & Antiques
Autoweek
Barron's
Bride's
Byte
City and Country Home
Crafts
InfoWorld
M
Maclean's
Modern Bride
Motor Boating & Sailing
Muscle & Fitness
Reader's Digest (Canada)
16 Magazine
TV Guide (Canada)

Source: ABC Audits 4/85-3/86

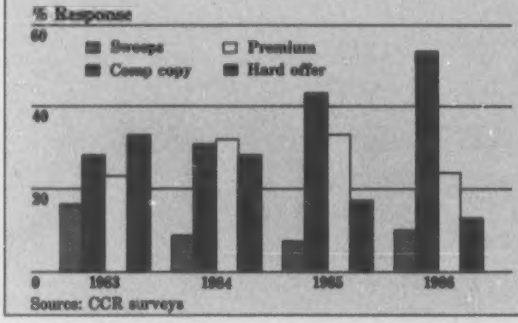
Not claiming a rate base does not seem to stand in the way of advertising success for these magazines. They are just a small group of the 40 percent or more Audit Bureau of Circulations members that don't claim a rate base, a percentage that is expected to grow.

Magazines with all or partial controlled circulation

Avenue
American Health
Chief Financial Officer
Insight
Institutional Investor
Walking
New York Woman

One way to gain readers is to give them the magazine for free. Some magazines are turning to a paid/nonpaid combination circulation. Above are some titles that are either partially or totally controlled. Three, *Insight*, *New York Woman* and *Walking*, are recent launches. More are expected to follow this trend.

What is your direct mail control offer?



Source: CCR surveys

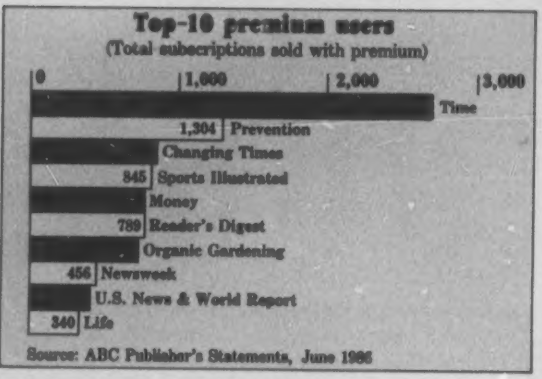
There has been a noteworthy move to comp copy subscription offers. Of the control offers mailed in 1986, 53 percent were comp copy offers, compared to 28 percent four years ago. Hard offers suffered the largest decline. Only 13 percent of the control offers mailed last year were hard offers, down from 33 percent four years ago. Comp copies, sweepstakes and premium offers now make up 87 percent of all direct mail solicitations, compared to 67 percent in 1983. If the sum of these types of offers was tracked 10 to 15 years ago, the hard offer would have accounted for 75 percent to 80 percent of the offers. There is an indication that gimmick offers are decreasing in number. A *CCR* survey conducted in early 1987 showed that gimmick offers made up 73 percent of subscription offers, the first decline in five years of *CCR* tracking.

Premium-sold subscription volume

	% using premiums	Premium volume
January-June 1981	25%	6,887,000
January-June 1985	37%	14,257,000
January-June 1986	28%	15,519,000
% Increase 1981-1986	+125%	

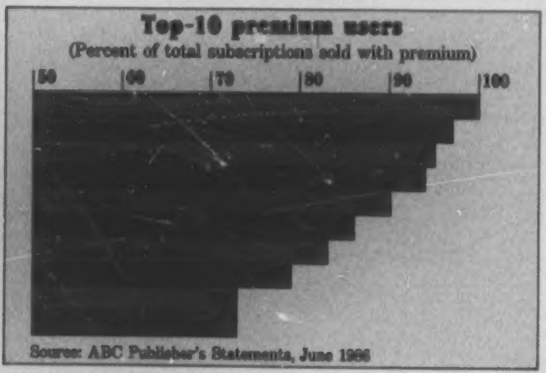
Source: ABC Publisher's Statements

Circulation directors are asking, "How can we sell magazines at a higher price and get more volume from the same sources?" The answer has been the premium. During the first half of last year, the total number of premium-based subscriptions sold by Audit Bureau of Circulations' members was 15.519 million, up 125 percent compared to the first half of 1981.



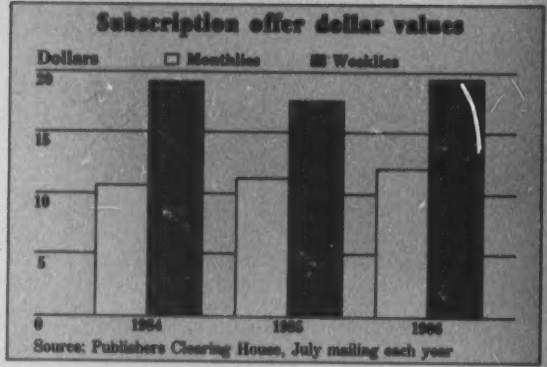
Source: ABC Publisher's Statements, June 1986

The total premium-related subscriptions sold by these 10 magazines account for 59.7 percent of all premium-based subscription sales.



Source: ABC Publisher's Statements, June 1986

Another way of looking at premium use is to spotlight the magazines that base all or almost all of their subscription business on them. These tend to be smaller titles.



Source: Publishers Clearing House, July mailing each year

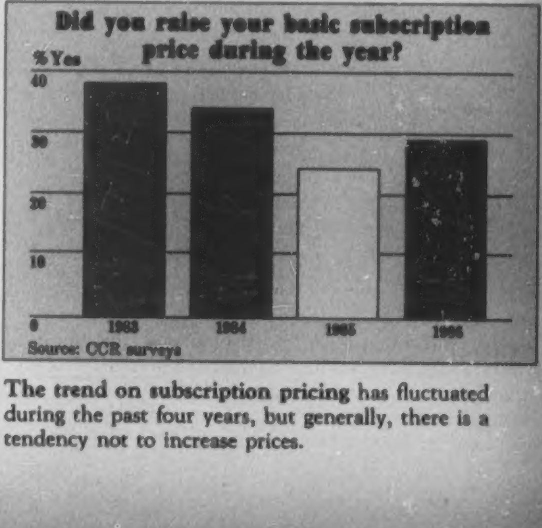
The average subscription price was up about 12 percent in 1986, compared to 1984, according to the prices offered by Publishers Clearing House. The average price for weeklies, however, is virtually flat.

Magazines sold at basic rate

	Magazines listed	Magazines at basic	% at basic
July 1983	99	21	21%
July 1984	127	26	20%
July 1985	127	30	24%
July 1986	127	33	26%

Source: Publishers Clearing House, July mailing each year

The number of magazines that sell at basic rate has risen slightly over the last four years, according to the prices offered by Publishers Clearing House. Almost all of the 33 magazines that sold at basic rate in the July 1986 mailing use premiums.



Source: CCR surveys

The trend on subscription pricing has fluctuated during the past four years, but generally, there is a tendency not to increase prices.

Production salary survey 100

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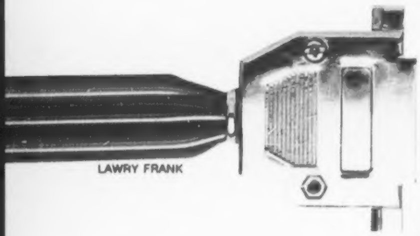
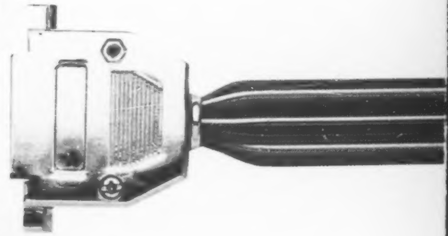
AUGUST 1987 THE MAGAZINE FOR MAGAZINE MANAGEMENT $6.00



Streamlining editorial production via PC networks



LAWRY FRANK

Local area networks may add speed, flexibility and precision to magazine pre-press, but connecting personal computers is no simple matter. **90**

McCall's negotiation draws mixed reaction

By abandoning the rate card for open negotiations, *McCall's* says it's only legitimizing the obvious. Some observers cry folly, others say more titles will follow. **17**

Direct response: There are no rules, but . . .

You can beat the old control, beat your big winner, do better, be a hero—because there are no rules, only observations, and the opportunity to test, test, test. **108**

Magazines discover list enhancement

Enhancement, adding demographics or other data to the names on a subscriber list, helps boost list rentals. But magazines have yet to exploit enhancements for their own direct marketing. **17**

Clay Felker is back

Manhattan,inc.'s staff turmoil continues as Felker tries to work his old magic. **55**

August 1987

Production salary survey 100

FOLIO:'s 1987 complete analysis of the production pay scale, based on responses from 403 production directors and managers, by region, responsibilities, type of magazine and more.

Fallout from the Florida tax 160

Florida's ad tax is more than a financial drain, more than a clerical nuisance—it threatens one of our basic freedoms, contends J. Roger Friedman, president of Lebhar-Friedman.

Trends in circulation promotion 113

Daniel Capell analyzes shifts in promotion mailing times, the use of freelancers, renewal performance and other topics, based on research conducted by *Capell's Circulation Report.*

Starting a magazine on a shoestring 119

In Part 2 of this series, more entrepreneurs share their experiences in starting a magazine with a dream, ambition and perseverance, but little money.

Circulation Power Index evaluates sources 28

Don't stop at profitability and cashflow when evaluating circulation sources, says consultant David Foster. His Index factors in risk, money's time value and qualitative criteria.

Mailers prepare to challenge USPS 19

As hearings on the Postal rate case get underway, mailers are ready with rebuttals. The second class industry's prime gripe is the elimination of the editorial flat rate.

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FOLIO:'s 1987

This year's complete analysis of the pay scale for 403 production directors and managers

BY SUZANNE ZELKOWITZ
ASSOCIATE EDITOR

"I love making it all work: combining the editorial and advertising in a thoughtful way, making the edit package look uncompromised in spite of the chronically late advertising that we accept. It's a balancing act to be sure, but that's half the *fun* of the job and *all* the work, and the headaches as well," confides a production manager with more than five years' experience to her credit.

FOLIO: wanted to find out just how the balancing feats reported by many production executives actually balance out in their paychecks. Our third annual production salary survey analyzes information supplied by more than 400 respondents by nine key factors.

Some of the findings:

•Men in production outearn women. Males in the top production slot take in 32 percent more than their female colleagues. Male production managers outscore their female counterparts by 28 percent.

•Business magazines are more likely to offer deferred compensation, pension or profit sharing plans to their production staff.

•The best indicator of how much money a production director is earning this year is the number of employees supervised. This is the variable that differentiates best in this year's survey, showing the highest average salary spread from top to bottom.

ILLUSTRATION BY MICHELLE R. REEH

Production directors

The average annual salary for those who hold the top production title (production director, vice president of production) is $42,372. They report an 8.7 percent salary increase from 1986 to 1987.

Production directors on business magazines enjoy a slight edge over their peers on consumer titles. The average salary for those working on business publications is $43,146, or 5.3 percent higher than that of management on the consumer side of the fence, which is $40,971.

Those in the number-one production spot in the Northeast and West net higher salaries than their peers in the Central and South Atlantic regions. Those in the Northeast log in at $46,649, followed by directors in the West, registering $42,579. Production directors in the Central states post $38,560. They are trailed by those in the South Atlantic, who come in at $34,795. This regional pattern is particularly evident for directors on business magazines, but not for those on consumer titles.

Women's salaries fall 24 percent behind their male colleagues' salaries, with women receiving $36,133 compared to men's $47,657.

Those just starting out as production directors make considerably less than veterans. Directors with experience of three years or less get $27,160. Their counterparts with more than 20 years in the business outpull them by 89 percent, with $51,198. And while salary does increase through all experience categories, the disparity between those with 11 to 20 years, at $48,120, and those with more than 20 years' experience is fairly small, roughly a $3,000 difference.

Production directors responsible for more than one magazine earn $44,745, or 16.4 percent more, compared to $38,432 for those handling only one title.

Salary goes up commensurately with increased responsibility for staff supervision. Production directors in charge of more than 10 employees net approximately twice as much as their colleagues with no supervisory role,

production salary survey

$59,442 compared to $27,182. Directors with responsibility for one or two persons make $39,095, and those having three to 10 staff members under them earn $43,804.

There's a steady progression in salaries as circulation increases. Directors working on magazines with circulations of 50,000 or less receive $36,223 compared to the $49,125 garnered by those on titles with circulations of 500,000 or greater.

Production managers

The average annual salary for production managers is $27,186, or 36 percent less than what production directors receive. Those in the number-two position on the production staff report a 6.6 percent increase in their 1987 salary over the previous year's.

Production managers on consumer magazines have a 12.5 percent edge over their business publication peers, $29,075 compared to $25,842.

Once again, the Northeast reigns as the highest paying region in the country. But those in the West are close, with less than a $1,000 difference, $28,264 versus $27,419. Trailing both sections, but on an equal footing with each other, managers in the Central and South Atlantic regions weigh in at $25,757 and $25,615.

Male production managers earn considerably in excess of their female counterparts—$32,087 compared to $25,040, or 28 percent more.

Earning power increases with years of experience. The biggest jump in salary is from $20,065 for those in the starting-out slot (three years or less) to $27,738 for those in the four to 10 year category—a 38.2 percent hike. But a similar progression continues overall. The upward trend is most clearly noticeable on the consumer side, rising from $21,039 for those with less than three years' experience up to $41,513 for production managers with more than 20 years under their belts, or about twice the salary.

As circulation mounts, so does salary. Again, the greatest gap is evidenced between the lowest to highest circulation categories, with $23,543 registered for production managers on magazines with circulations under 50,000 and $37,149 for those on publications of 500,000 or more circulation.

The ability to deal with extremely hectic schedules pays off for production managers of weeklies, with overall average salary standing at $32,053 as opposed to $27,231 for those on monthlies, or 17.7 percent more. Production managers handling other frequency publications (biweeklies, semimonthlies and quarterlies) receive $25,837, or 19.4 percent less than their counterparts on weeklies.

Bonuses

Fifty-seven of the 133 production directors participating in the study, or 42.9 percent, report receiving annual bonuses, while 98 of the 270 participating production managers, or 36.3 percent, indicate they get bonuses. Overall, directors garner almost three times the average bonus as managers—$4,806 versus $1,815.

By gender, male production directors outdistance females holding the same job title by a wide margin, $6,204 compared to $3,456. Male production managers also outpace their female colleagues, reporting an average annual bonus of $2,372 against $1,578.

As circulation goes up, the bonus rises. Directors on magazines with circulations of 500,000 or greater fare best, registering annual bonuses more than twice those of directors on the lowest circulation magazines—$7,350 compared to $3,232.

Production directors on consumer magazines surpass their business maga-

"It's real work to keep editorial, advertising and production from being too self-centered. Putting magazines out requires a sense of teamwork between all three factions, and it is sometimes rather difficult to prevent the blaming and, yes, name-calling amongst these camps. It's kind of a Hatfield vs. McCoy situation that in the end is totally nonproductive."

Production manager in the Northeast, with almost 10 years' experience, earning $20,000.

"Achieving the successful marriage of technology and the creative process is always a challenge."

Production director in the Northeast with 15 years' experience, earning salary and bonus of almost $60,000.

zine peers in average annual bonus by 19.2 percent: $5,267 compared to $4,419. And production managers on consumer titles pull ahead of their business publication counterparts with $1,981 compared to $1,690, or 17.2 percent more.

Deferred compensation

The majority of production professionals indicate that they have the opportunity to participate in a deferred compensation, pension or profit sharing plan. Almost 56 percent of production directors and about 61 percent of production managers report the option.

While roughly two-thirds of production executives in both job categories working on business titles receive deferred compensation, less than half on consumer titles are offered such plans. In both the business and consumer categories, production managers receive deferred compensation with slightly more frequency than do production directors—by 6.4 percent and 2 percent, respectively.

Using the numbers

It is important to use the salary information in this survey cautiously. In some instances there were not enough respondents in certain cells to enable us to reach conclusions. For this reason FOLIO: is publishing the number of respondents in each cell (these numbers are shown in parentheses).

The survey is also limited to comparing one variable at a time. For example, production directors and vice presidents of production in the Northeast are earning better salaries than their colleagues in other regions, but are those in the Northeast who responded to the survey working on larger circulation magazines? Are they the most experienced? FOLIO: does not answer these questions, or offer an analysis.

In addition, this year FOLIO: has restructured its sample to broaden the sample base, eliminating the requirement that a fixed percentage of the sample be drawn from magazines with total revenues of around $5 million or more. Therefore, it is not possible to make comparisons with prior surveys. *(See the methodology sidebar.)*

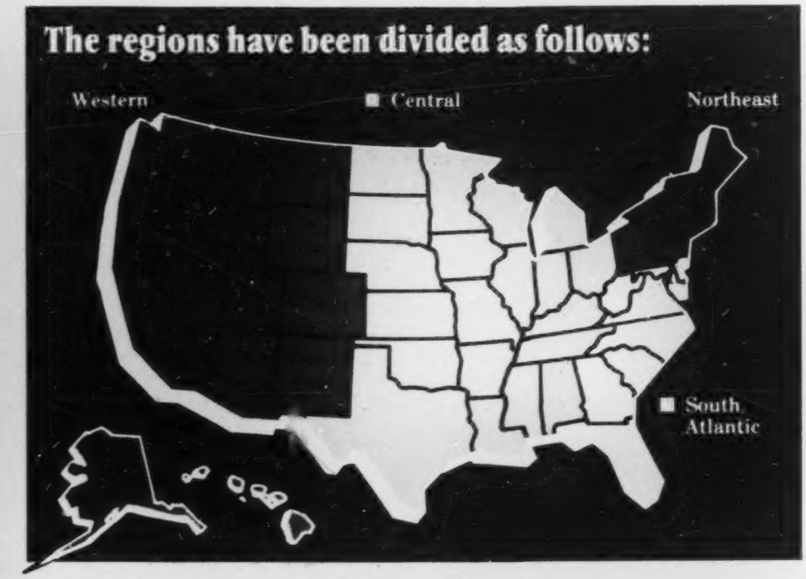
'We don't get no respect'

Many respondents voiced the opinion that the production department doesn't get the recognition it deserves in the publishing arena. Here is a sampling of comments:

"Getting advertisers, sales personnel, editors and management to meet the deadlines and take the production function more seriously than they do is what I call the 'We don't get no respect' syndrome," observes a director in the West, earning about $50,000.

"Meeting production schedules with too few people and an inadequate budget is very frustrating," says a director earning salary and bonus in the mid-sixties.

"I have trouble maintaining a positive attitude when the only feedback heard from publishers, sales reps, agencies and advertisers are the complaints and gripes," acknowledges a production director in the Midwest earning almost $40,000.☐



The regions have been divided as follows:

"Maintaining schedules in light of soft business and the resulting tendency to stretch closing dates becomes tricky."

Production manager in the Northeast with 10 years' experience, earning $30,000.

"What a chore to get advertising material committed before I see the bluelines, and then getting the material to the printer before press date."

Production manager in the Northeast with six years' experience, earning a salary in the low twenties.

Production director

Production director (may be called vice president of production): Negotiates printing, typesetting and engraving contracts; establishes production schedules. Oversees individual production managers and advises on technical matters; is directly responsible for quality control.

Average salaries (The number of respondents is in parentheses.)

		% increase '86 to '87
All respondents	$42,372 (133)	8.7%
Business	43,146 (70)	6.7
Consumer	40,971 (61)	10.8
Top one-third	$59,368 (44)	
Middle one-third	40,242 (44)	
Bottom one-third	27,835 (45)	

	Salary	Business salary	Consumer salary
By region:			
Northeast	$46,649 (64)	$48,198 (32)	$44,240 (30)
South Atlantic	34,795 (21)	36,169 (13)	32,563 (8)
Central	38,560 (31)	37,024 (19)	40,992 (12)
Western	42,579 (17)	50,708 (6)	38,145 (11)
By sex:			
Male	$47,657 (72)	$49,847 (37)	$44,324 (34)
Female	36,133 (61)	35,633 (33)	36,748 (27)
By years in business:			
Up to 3 years	$27,160 (10)	$25,400 (5)	$28,920 (5)
4-10	37,795 (60)	39,463 (25)	36,621 (34)
11-20	48,120 (40)	47,472 (25)	49,200 (15)
More than 20	51,198 (22)	48,204 (14)	53,071 (7)
Responsible for:			
One	$38,432 (50)	$39,941 (22)	$37,246 (28)
More than one	44,745 (83)	44,615 (48)	44,130 (33)
By no. of production employees supervised:			
None	$27,182 (11)	$28,143 (7)	$25,500 (4)
One/2	39,095 (44)	41,324 (21)	37,061 (23)
3-10	43,804 (64)	44,719 (35)	42,939 (28)
More than 10	59,442 (13)	55,750 (7)	60,500 (5)
By circulation:†			
To 49,999	$36,223 (32)	$37,423 (20)	$34,225 (12)
50,000-99,999	38,913 (17)	41,169 (9)	36,375 (8)
100,000-499,999	44,254 (64)	46,699 (39)	40,625 (24)
500,000 and more	49,125 (20)	40,000 (2)	48,382 (17)
By frequency:†			
Weekly	$60,583 (6)	$52,125 (4)	$75,000 (1)
Monthly	42,109 (77)	43,149 (40)	40,984 (37)
Other	39,889 (49)	41,760 (26)	37,855 (22)
By average total pages produced annually:†			
To 499	$37,358 (38)	$39,476 (17)	$35,643 (21)
500-999	36,340 (25)	33,847 (15)	40,080 (10)
1,000-1,499	40,695 (20)	43,950 (6)	39,554 (13)
1,500 and more	50,183 (46)	49,232 (29)	50,044 (16)

† Refers to the magazine with the largest circulation on which respondent works

"It's a never-ending struggle to keep manufacturing costs down while still maintaining the integrity of the product. Also, since production is not a profit-generating department, it's difficult to get approval for adequate staffing."

Production director working on a 200,000 circulation magazine, earning salary and bonus in the high fifties.

"Training and motivating individual production managers, then keeping them on staff for more than a year's time takes lots of effort."

Production director in the Northeast, supervising six persons, earning salary and bonus in the low thirties.

Production manager

Production manager: Directly responsible for daily production operations, including publication paste-up, quality control and maintaining production schedules. Is liaison with printing plant. May traffic advertising and editorial materials.

Average salaries (The number of respondents is in parentheses.)

		% increase '86 to '87
All respondents	$27,186 (270)	6.6%
Business	25,842 (156)	5.8
Consumer	29,075 (113)	7.7
Top one-third	$37,662 (90)	
Middle one-third	25,760 (90)	
Bottom one-third	18,136 (90)	

	Salary	Business salary	Consumer salary
By region:			
Northeast	$28,264 (109)	$26,410 (66)	$31,110 (43)
South Atlantic	25,615 (35)	25,901 (20)	25,357 (14)
Central	25,757 (73)	24,705 (49)	27,905 (24)
Western	27,419 (47)	25,454 (17)	28,532 (30)
By sex:			
Male	$32,087 (83)	$30,760 (40)	$33,322 (43)
Female	25,040 (186)	24,146 (116)	26,566 (69)
By years in business:			
Up to 3 years	$20,065 (72)	$19,514 (46)	$21,039 (26)
4-10	27,738 (130)	26,403 (69)	29,343 (60)
11-20	33,144 (46)	32,532 (28)	34,095 (18)
More than 20	35,689 (19)	31,455 (11)	41,513 (8)
Responsible for:			
One	$26,577 (132)	$25,548 (72)	$27,812 (60)
More than one	27,879 (136)	26,204 (83)	30,504 (53)
By no. of production employees supervised:			
None	$22,198 (76)	$21,780 (51)	$23,051 (25)
One/2	27,587 (113)	27,083 (68)	28,458 (44)
3 or more	31,850 (77)	30,100 (34)	33,233 (43)
By circulation:†			
To 49,999	$23,543 (62)	$22,391 (37)	$25,248 (25)
50,000-99,999	25,288 (61)	25,433 (44)	24,912 (17)
100,000-499,999	26,582 (106)	26,678 (69)	26,403 (37)
500,000 and more	37,149 (39)	40,500 (6)	36,540 (33)
By frequency:†			
Weekly	$32,053 (20)	$30,539 (9)	$33,291 (11)
Monthly	27,231 (175)	24,780 (106)	30,995 (69)
Other	25,837 (73)	27,638 (40)	23,654 (33)
By average total pages produced annually:†			
To 499	$26,913 (73)	$26,405 (28)	$27,229 (45)
500-999	25,017 (47)	23,802 (36)	28,993 (11)
1,000-1,499	25,902 (43)	24,420 (25)	27,961 (18)
1,500 and more	28,912 (92)	27,499 (57)	31,215 (35)

† Refers to the magazine with the largest circulation on which respondent works

> ***"Who doesn't have to deal with changes at the last minute by the publisher and ad manager? All of which are understandable, but you have to be nimble!"***
>
> Production manager in the West earning more than $30,000.

[redacted]

> ***"Getting to work knowing the salary I get is a daily challenge."***
>
> Production manager in the Northeast earning salary and bonus in the low twenties.

[redacted]

Average annual bonus, by title

Average anticipated amounts (The number of respondents is in parentheses.)

	Production director	Production manager
Average, all respondents	$4,806 (57)	$1,815 (98)
By region:		
Northeast	$5,379 (28)	$1,838 (34)
South Atlantic	2,322 (9)	1,335 (16)
Central	4,600 (10)	1,844 (29)
Western	5,640 (10)	2,238 (17)
By sex:		
Male	$6,204 (28)	$2,372 (31)
Female	3,456 (29)	1,578 (66)
By circulation:†		
To 99,999	$3,232 (19)	$1,606 (42)
100,000-499,999	4,965 (28)	1,871 (40)
500,000 and more	7,350 (10)	2,297 (15)
By magazine:†		
Consumer	$5,267 (26)	$1,981 (44)
Business	4,419 (31)	1,690 (53)

† Refers to largest-circulation magazine on which respondent works

% whose companies offer deferred compensation, by title

(The number of respondents is in parentheses.)

	Production director	Production manager
Total respondents	55.6% (133)	61.1% (265)
Business magazine respondents	62.9 (70)	69.3 (153)
Consumer magazine respondents	47.5 (61)	49.5 (111)
By sex:		
Male	54.2% (72)	61.2% (80)
Female	57.4 (61)	61.4 (184)
By circulation:†		
To 99,999	53.1% (49)	52.1% (121)
100,000-499,999	62.5 (64)	73.8 (103)
500,000 and more	40.0 (20)	53.8 (39)

† Refers to largest-circulation magazine on which respondent works

Methodology

Four hundred thirty-two of the 1,135 production professionals who received questionnaires responded to this survey. The response rate is 38 percent. Of the total responses received, 403 contained sufficient information to be used for tabulation.

The survey took place in February and March of this year and reflects 1987 salaries.

Sixty-five percent of those initially sampled work for publications with circulations of 100,000 or more. Note that this year FOLIO: has broadened its sample base and has eliminated the requirement that a fixed percentage of our sample be drawn from magazines with total revenues of around $5 million or more. Therefore, production salaries reported in this study cannot be compared to the salaries published last year.

In some cases, respondents did not give an exact bonus figure or an exact percentage for their 1987 salary increase over 1986, but gave an expected range. Here the mean was used for tabulation. For example, if a production professional indicated that his or her annual bonus would be between $2,000 and $4,000, the arithmetic mean of $3,000 was accepted as that respondent's expected bonus for the year.

A job description has been included with each compensation chart. These job descriptions were printed on the questionnaire. Respondents were asked to mark the description that most accurately listed their duties. Space was also provided for additional information.

"Balancing cost, service and quality on each job. Trying to get all three at once, that's what I'm after."

Production director in the South with 15 years' experience, earning salary and bonus of about $70,000.

[redacted]

Trends in circulation promotion

The increase in direct mail volume is forcing circulators to try new mailing strategies

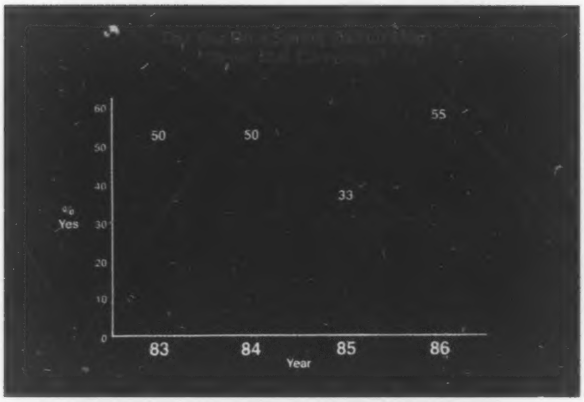
[redacted]

Approximately 400 million to 450 million magazine subscription promotions are mailed annually by subscription agents. In addition, magazines directly send out millions more, according to E. Daniel Capell, president of Compuname/Names in the News, and editor of the newsletter, *Capell's Circulation Report (CCR)*. How are circulators handling this kind of promotion volume?

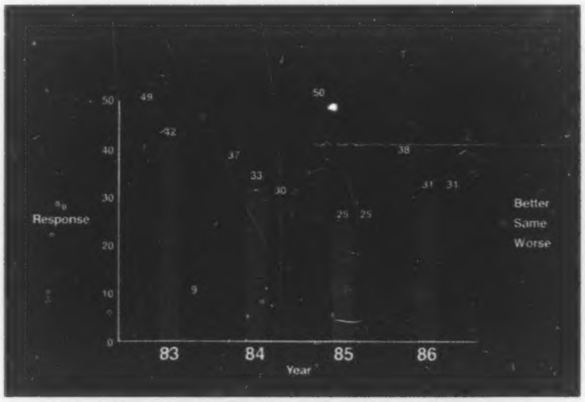
In this, the second part of his report on circulation trends, Capell looks at the shifts in promotion mailing times, the growth in the use of freelancers, renewal performance, and other topics. The trends presented here are based on surveys conducted by *CCR*.

In general, the industry is moving away from the traditional year-end promotional mailing and moving into a regular, ongoing promotion strategy. Magazines are now dropping direct mail drives on a quarterly or even monthly basis, he says. The change in strategy is a response to the proliferation of subscription agencies and their increased mailings. Magazines are now in the position of trying to "beat out the subscription agencies," in acquiring subscribers, notes Capell. More magazines are trying nontraditional mailing times to avoid the peak stamp sheet mailing times, he observes.

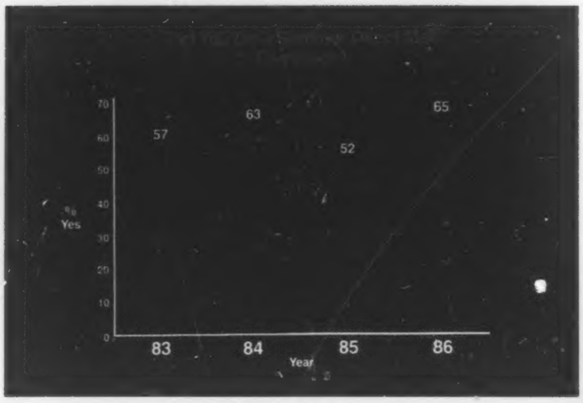
One disturbing trend is beginning to emerge: Direct mail volume is most certainly up, but response is not necessarily following suit, he cautions.



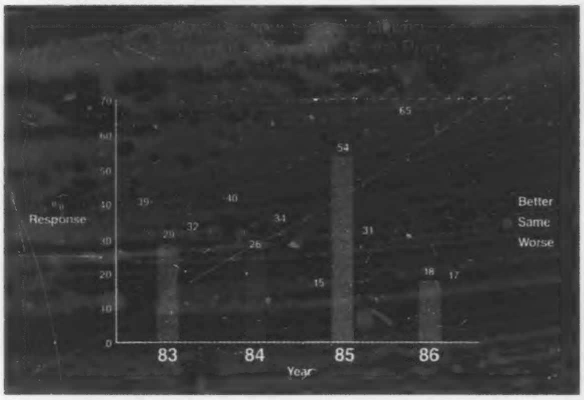
Mailing times are changing dramatically. Last year, 55 percent of survey respondents conducted a spring mailing, up from 33 percent the year before. This trend certainly departs from the traditional reliance on a year-end mailing. In fact, magazines are tending to do more ongoing mailings on a quarterly, monthly or even bimonthly basis. The new strategy is a response to the growth of stamp sheet mailings. Magazines must now move their mailings to avoid the peak stamp sheet mailing times.



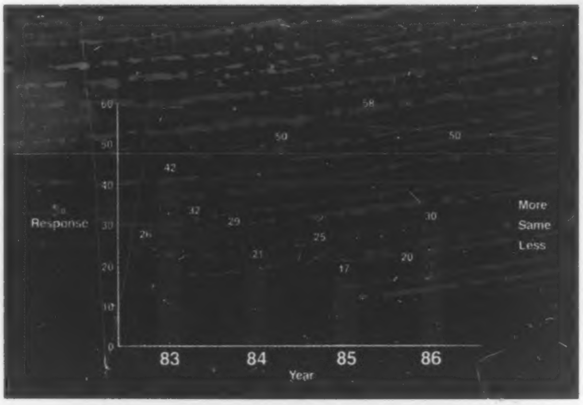
Spring mailing performance, however, has varied. In 1986, 38 percent said the spring mailing performed better than the one mailed the year before. In 1985, 50 percent reported that the spring mailing had performed better than the previous year's mailing.



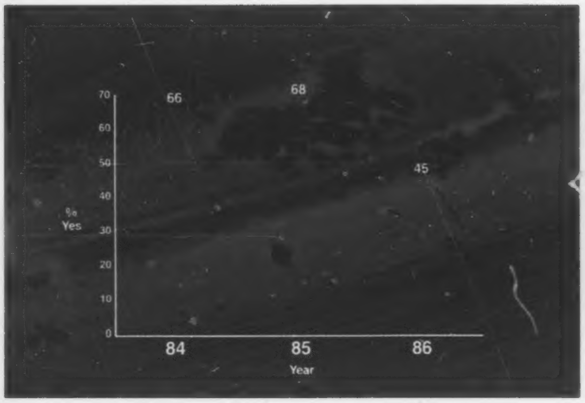
The summer mailing is becoming almost as big as the traditional, year-end mailing. Last year, 65 percent of the magazines surveyed did a summer mailing, the highest percentage in four years of tracking.



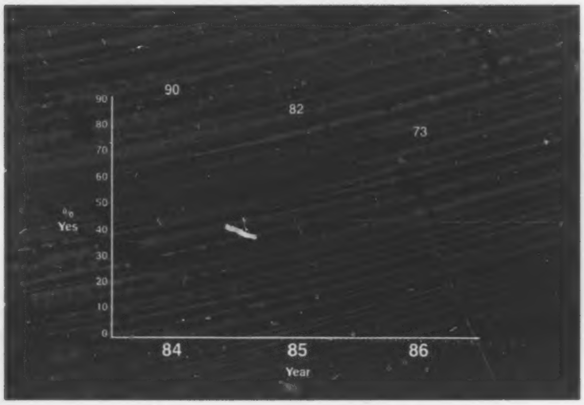
Performance of last year's summer mailing was the best in four years. Gross return was up for 65 percent of the respondents last year, compared to 15 percent the year before.



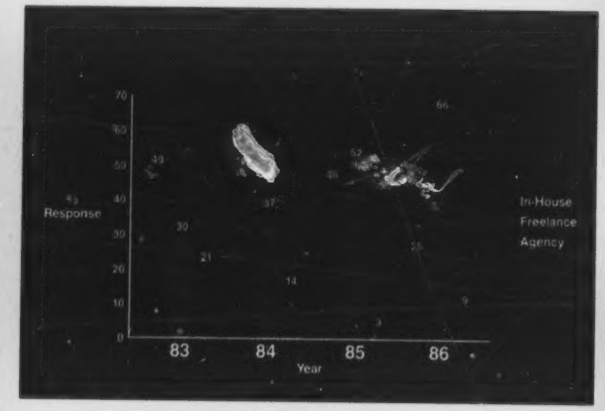
Last year, half the respondents reported that the summer mailing's volume was more than or at least the same as the year-end mailing's—proof that the summer mailing is becoming as important as the year-end mailing.



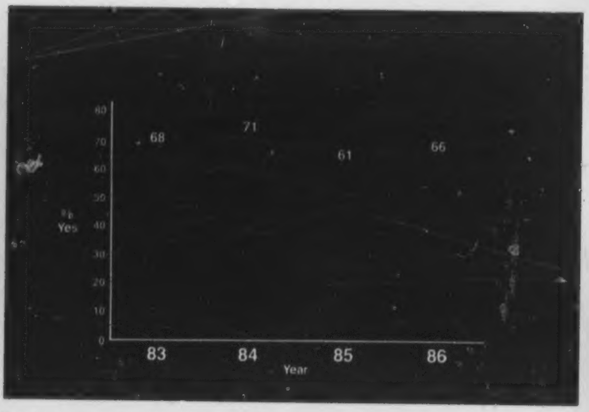
The fall mailing seems to be declining in popularity. A fall mailing was quite hot a couple of years ago. Now fall is in last place compared to the other seasons.



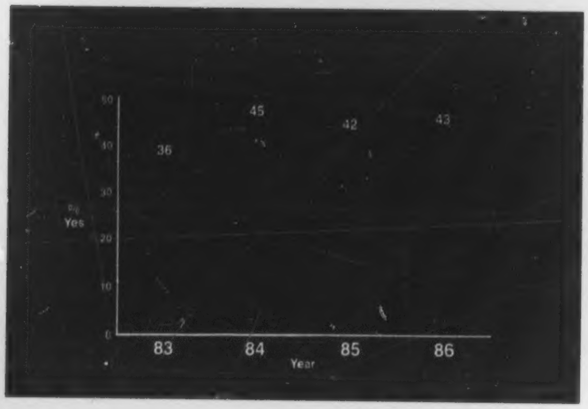
End of the year is still the most popular time for mailings (73 percent of the respondents conducted a year-end campaign in 1986), but this popularity is on the wane. The trend is toward regularly scheduled mailings throughout the year.



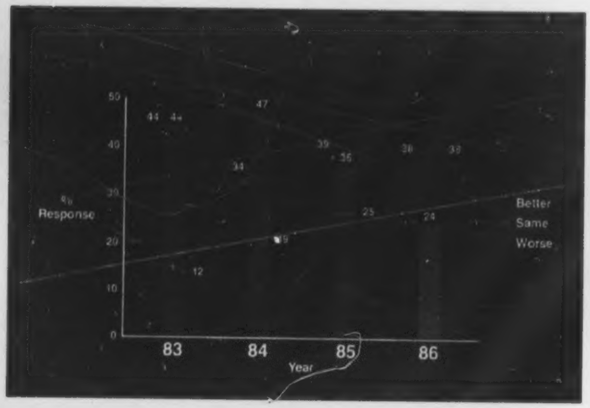
Circulators are using freelancers to handle more of their overall creative needs. Almost 66 percent of those surveyed use freelancers to produce packages, insert cards, TV spots and other promotions, up from 30 percent in 1983.



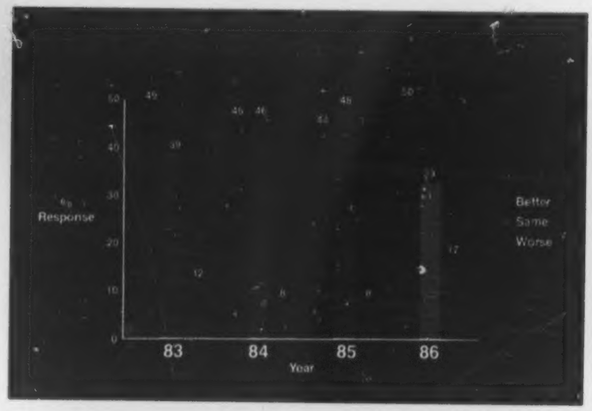
Little growth is seen in the use of direct mail agents. About two-thirds of the industry uses agents. The real growth is in the number of agents in the marketplace. Currently there are 400 million to 450 million magazine solicitations mailed annually. The volume was probably less than half this 10 years ago.



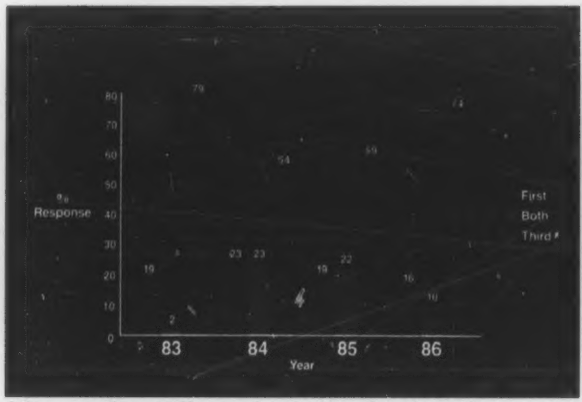
Are you beating your control package? A new direct mail package has a little bit less than a 50 percent chance of beating the control package, according to the circulators surveyed.



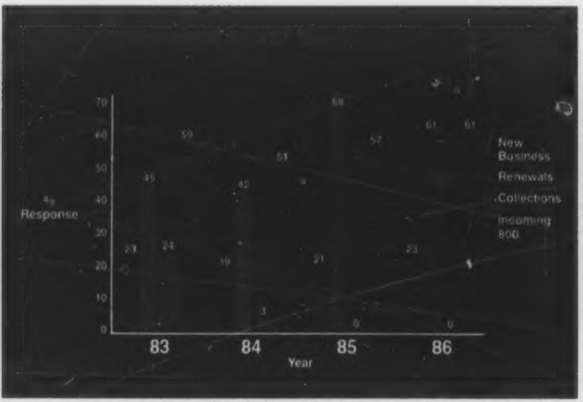
The insert card is not performing as well as it once did. The insert card has remained the last bastion for the hard offer, but hard offers don't look attractive when compared to the premiums, sweepstakes and other gimmicks being promoted.



Renewal performance is starting to erode. Note the number of respondents who say that renewal performance has worsened. From 1985 to 1986, the number more than doubled.



Most mailers still use third class for their direct mail drives. The growth in first class use has been minimal, which is surprising considering that those who've used first class have reported positive results. More mailers may find that first class is worth the expense, especially since some DMA surveys show that 5 percent to 10 percent of third class mail never gets delivered.



Heavy use of the telephone for renewals is reported. An incoming 800 number is also popular. When asked specifically if the 800 number helps increase overall renewal, very few circulators said yes. Yet the 800 number is being used continually, probably more as a service than a way to boost response. Circulators are not using the phone for collections.

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Running in place

Why haven't consumer magazines, backed by the Magazine Publishers Association, increased magazines' share of national ad dollars, even with network TV losing audience? Like Alice in Wonderland, the industry is running and running and getting nowhere. **96**

Paper use to rise 6% through '88

Despite projections of modest growth in paper consumption this year and next, publishers plan to use less foreign tonnage, MPA survey shows. **19**

Controlled titles: Sell paid subs

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Ad tracking services add competitive edge

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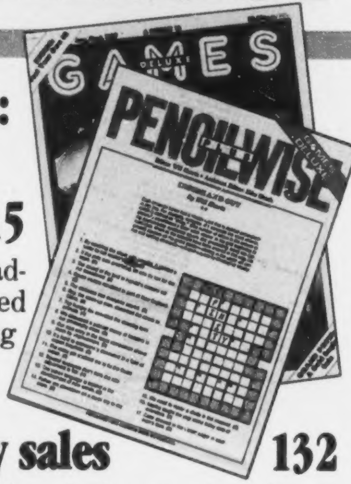
Magazines target co-op ad dollars

Of $13 billion available for co-op ads—those in which retailers and manufacturers share the cost—half goes unclaimed. Some publishers are tapping the vein by doing the retailer's legwork. **19**

September 1987



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Are you a 'desktop addict'? 169

A recovering addict confesses how he made compromises in magazine design and production as a result of his habit.

Business press networks pursue consumer advertising 22

Cahners Publishing knows its readers are upscale executives with money to burn. Like others in the business press, it hopes to attract consumer ads with a network buy.

Should editors meet advertisers? 20

Yes, because no one can explain a magazine's *raison d'etre* better than the editor. And no, because it smacks of conflict. Editors share their views.

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dent of corporate development, adds that the expansion could include electronic and database publishing. Cahners Publishing, which signed a letter of intent in mid-July to purchase *Variety*, has declined to disclose the purchase price. Silverman says the reported price range of $45 million to $60 million was on the "low side."

Who's earning what in circulation?

The results of FOLIO:'s third annual circulation salary survey are in: The average salary for a circulation director in 1987 is $40,481, a 7.8% increase over last year. And this year, the average salary for a circulation manager is $26,632, up 6.9% from 1986. Being in a bonus plan really pays off. Circulation directors and managers who are part of an incentive program earn over 30% more in total compensation than those who are paid salary only. Many respondents also offered comments about compensation and job satisfaction—or dissatisfaction. Wrote one frustrated executive: "I am not thrilled with this industry. Every circ director that I speak with finds magazine wholesalers impossible. Sharing the discount with retailers 50:50—ludicrous!" Look for complete details in the next issue of FOLIO:.

Five-year battle over sale of *The Atlantic* ends, and the winner is . . . ?

Both sides in the legal tangle over the 1981 sale of *The Atlantic* had something to cheer about when the jury issued a verdict in midsummer. The suit was initiated several years ago by five former *Atlantic* owners and employees against Mortimer Zuckerman, the real estate mogul who purchased the magazine, when Zuckerman withheld approximately $2.7 million of the $3.6 million price. Zuckerman countersued, claiming the former owners had misled him about the magazine's financial health. The suits were tried simultaneously in Federal Court in Boston. The jury found no basis for fraud claims. At press time it was still not known what sum Zuckerman would be required to pay in principal and interest to the plaintiffs; judgment could be as high as $1.5 million. But the jury said that the sellers had breached certain warranties, and that Zuckerman would be awarded $500,000 in damages. This figure was expected to be reduced, however, because of tax adjustments. In 1986 Zuckerman had settled with Robert Manning, former editor of *The Atlantic*, in a separate case.

Former magazine executive gets MPA presidency

It took five months for the Magazine Publishers Association (MPA) to find a new president who meets all the criteria set by the search committee, including substantial magazine experience. The selection is Donald Kummerfeld. His appointment ends a search to replace William Gorog, MPA president for the past five years. Kummerfeld has held various governmental posts as well as executive positions in the magazine publishing industry. He was president and chief operating officer of News America Publishing, Rupert Murdoch's company, from 1978 to 1985. Kummerfeld was also a founding partner of Government Research Corporation, one-time publisher of *National Journal*. He currently heads Kummerfeld Associates, an investment banking and consulting firm. He will no longer play an active role in the firm. Such legislative issues as the ad tax situation in Florida and the ongoing postal rate case will require diligent MPA involvement, says Kummerfeld, but he plans to take on "less headline-grabbing" challenges as well. The rising cost of production and distribution must be addressed, he says. Also high on the agenda: continuing to tout the value of magazine advertising. *(See feature on page 96 addressing MPA's ad marketing challenge.)*

Ad pages flat for first half; revenues increase slightly

The 146 magazine members of the Publishers Information Bureau (PIB) reported an average page increase of only 0.3% for first-half 1987 over first-half 1986. In total, the magazines ran 74,475 ad pages. Average ad revenue, at $2.56 billion, was up 2.6% for the period. Among women's magazines, fashion titles showed solid revenue gains, with several registering double-digit percentage increases. Magazines reporting page growth in excess of 50% include *American Heritage*, *Cable Guide*, *Discover*, *Endless Vacation* and *Elle*, which leads the pack with a 58.1% page increase. On the down side, *Business Month*, *California*, *Texas Monthly*, *Games* and *Spectrum* each reported losing more than 22% of their page totals from first-half 1986. Among the top 10 revenue earners, *Business Week* made the greatest percentage gains, with 20.5% revenue growth on 13.1% more pages.

PIB figures for the first six months

	1987	1986	% change
Dollars	$2,560,107,613	$2,495,242,007	2.6
Pages	74,475.07	74,244.60	0.3

UPDATE

Chicago
TV Guide
SUPER BUY
March Monthly Special
5-Piece Handi-Duty Screwdriver Set
SENTRY HARDWARE
CitySports
OFF-ROAD CYCLING
THE FAT TIRE EXPLOSION
arena

Magazines target co-op advertising

Splitting advertising cost with suppliers brings more local retailers to magazine client lists

Thirteen billion dollars is budgeted each year by manufacturers for cooperative advertising programs—those in which the manufacturer and retailer share the cost of advertising—but as much as half goes unused. Whereas newspapers have traditionally taken the bulk of the co-op advertising dollars spent, a wide range of regional and national magazine publishers are finding co-op budgets a significant source of advertising revenue.

***Cooperative ad allowances** that split costs between retailers and their suppliers allow both to reach local audiences they wouldn't otherwise.* Chicago, TV Guide *and* City Sports *have received substantial new local business by encouraging retailers to use co-op funds.*

According to Rick Acquaviva, associate publisher of *Peninsula*, a San Francisco Bay area magazine, retailers often don't know what they have coming to them in terms of co-op ad allowances, yet many manufacturers are increasingly eager to have retailers use their allowances. "We're finding co-op funding for retailers," says Acquaviva, "and it's closing a lot of deals for us."

TV Guide, recognizing manufacturers' push not only to encourage retailers to use co-op programs, but even to increase the co-op funding available, increased its emphasis in the area three years ago. According to merchandising manager Bob Bloss, co-op funds now account for a sizable proportion of *TV Guide*'s total ad revenue.

Says Roger Tremblay, publisher of

(CONTINUED ON PAGE 32)

Paper use expected to grow 6.2% through '88

Publishers predict dramatic drop in foreign paper use in '87, MPA survey says

Eighty-four publishing companies responding to the Magazine Publishers Association's annual paper survey said they expect to boost their paper use this year by 2.6 percent, to 1,463,392 tons from 1,426,119 tons in 1986. Moreover, they expect to increase paper use in 1988 by 3.5 percent compared to 1987, raising the total to 1,515,111 tons. The two-year increase amounts to 6.2 percent.

The survey also revealed the following data about paper use this year and next:

- The predominant type of paper used by respondents continues to be coated groundwood. In 1986, this type accounted for 72.9 percent (or 1,039,371 tons) of total tonnage, and is projected to account for 73.7 percent in 1987, and 73.5 percent in 1988. But the paper type expected to experience the greatest percentage growth between 1986 and 1987 is coated free, which the publishers said will jump 7.1 percent—from 85,918 tons to 92,014 tons.
- Respondents expect to use significantly less imported paper in

1987—49,673 tons, down nearly 22 percent from the 60,528 tons used in 1986. Imported paper will account for about 3.4 percent of all paper used in 1987, down from 4.2 percent last year. In 1988, however, the publishers projected use will grow to 55,321 tons, an 11.4 percent rise over 1987.

- At the time the survey was taken, 19.3 percent of the respondents had paper inventories of one to 30 days; 47 percent had 31- to 60-day inventories; 15.7 percent had stock for 61 to 90 days; and 8.4 percent reported supplies of 91 days or more. The rest didn't have access to inventory figures.
- Respondents expect the choice of paper basis weights to remain generally the same this year and next. The publishers did note, however, that they expect use of 38-pound weights to grow from 3.3 percent of the total to 6.1 percent in 1987 and to 6.5 percent in 1988. In addition, they foresee use of 40-pound weight to drop from 25.8 percent of total poundage to 23.3 percent in 1987 and to 22.9 percent in 1988.
- Respondents indicated that 74 percent of paper used will be printed on offset presses in 1987, up slightly from 73.5 percent in 1986. The figure will drop to 72.3 percent in 1988, respondents said. Accordingly, the percentage of paper printed via the gravure process will fluctuate from 26.5 percent in 1986 to 26 percent in 1987 and 27.7 percent in 1988.
- Finally, 9.6 percent of respondents plan to change to a narrower paper roll size this year; none plan to adopt a wider size. Last year 13.3 percent of respondents changed to a narrower paper roll.☐

Publishers predict modest growth in paper use

(In tons)

	1986 actual	1987 projected	% change vs. 1986	1988 projected	% change vs. 1987
Coated groundwood	1,039,371	1,078,279	+3.7%	1,113,641	+3.3%
Coated free	85,918	92,014	+7.1	99,484	+8.1
Uncoated groundwood	220,776	224,567	+1.7	227,545	+1.3
Uncoated free	19,526	18,859	−3.5	19,120	+1.4
Imports	60,528	49,673	−21.9	55,321	+11.4
Total	1,426,119	1,463,392	+2.6%	1,515,111	+3.5%

Source: Magazine Publishers Association

The predominant type of paper used by respondents to a Magazine Publishers Association survey continues to be coated groundwood.

Stable use of basis weights expected

(% of tons used)

Weight	1986	1987	1988
32 and below lbs.	3.8%	3.8%	4.0%
34 lbs.	32.5	31.8	31.8
36 lbs.	16.6	17.1	16.8
38 lbs.	3.3	6.1	6.5
40 lbs.	25.8	23.3	22.9
45 lbs.	5.3	5.5	5.5
50 lbs.	5.0	5.0	4.9
60 and over lbs.	7.7	7.4	7.6
Total	100.0%	100.0%	100.0%

Source: Magazine Publishers Association

Growth in the use of 38 lb. paper is expected—to 6.1 percent of total tonnage in 1987 from 3.3 percent in 1986. A decline is seen in the use of 40 lb. paper.

COURTESY OF CHAMPION INTERNATIONAL CORP.

Should editors meet advertisers?

Most editors agree to presentations but refuse involvement in sales effort

From a business point of view, editors can be very influential in an advertising purchase decision. Because no one knows the editorial vision of a magazine as well as the editor, publishers frequently ask to take advantage of that enthusiasm and insight to sell advertising.

Yet for many editors, such business relationships appear to violate the strict separation of church and state. Meeting with advertisers, they argue, opens the magazine's editorial integrity to question and the editor to compromise by building inroads for advertiser influence. Ostensibly, concerns about editorial visits with advertisers led, in part, to the resignation of *Manhattan,inc.* editor Jane Amsterdam.

Is it appropriate for editors to meet with advertisers? Editors contacted by FOLIO: answered a "qualified sometimes."

According to Midge Richardson, editor of *Seventeen*, editors can't ignore the reality that magazines are big business, and that editors are critical players. If a purchase decision comes down to picking one of three magazines, she says, the agency or client is going to pick the title whose people he knows and likes doing business with.

Some prefer to appear

Leo Scullin, director of print media at Young & Rubicam, agreed, saying agency people rely on personal judgment, not just numbers, in making a buying decision, and a personal appearance by an editor can influence

Business press networks pursue consumer ads

The hurdle is to convince advertisers that nonpaid circulation is valuable

Why would automobile makers want to reach readers of such magazines as *Datamation, Plastics World, Industrial Distribution* and *Restaurants & Institutions*? Because those readers are upscale, college-educated professionals who buy cars. And they frequent airlines and hotels, require financial services, buy personal computers . . .

PACKAGING
Consumers Rate New Packages
graphic arts monthly
Professional Builder
PRODUCT UPDATE
STEP & REPEAT MACHINES
PlasticsWorld
ADDITIVES REPORT
DESIGN NEWS
Design for the World
1987 DESIGN PRODUCT SHOWCASE

That is the message Cahners Publishing Company, which owns the four titles and dozens of others, is spreading in efforts to wrest consumer advertising dollars from the general interest business press—primarily *Forbes, Fortune* and *Business Week*.

In July, Boston-based Cahners introduced Cahners Magazine Network, offering a combination buy for 35 business titles. Springhouse Corporation, Springhouse, Pennsylvania, took the same tack last year for three of its magazines. In so doing, Cahners and Springhouse are following the lead of other major business magazine companies, including McGraw-Hill Publications Co. and Penton Publishing, which have established ad networks aimed at luring consumer product advertisers by promoting the networks' size and comparable demographics.

The Cahners network has a combined circulation of 2.7 million, mostly nonpaid subscribers. Its circulation outnumbers that of *The Wall Street Journal*, *Forbes*, *Fortune* and *Business Week*, a fact that Cahners vice president and publisher Peter Boniface is quick to point out. On a cost per thousand basis it has priced a page well below the consumer competition.

Cahners is backing up demographic claims about its readers with a subscriber study done by Simmons Market Research Bureau, New York City, known for its widely followed syndicated studies of consumer magazine readership.

At press time, Springhouse was preparing to release a Simmons study analyzing the subscribers of its *Nursing '87*, *NursingLife* and *Learning87*, says Marlene Jensen, vice president of magazines. The network formed by the three titles has a combined circulation of 850,000 paid.

A* Forbes *or a* Business Week *may be more well-known, but they aren't read as intensely by professionals as specialized business magazines that cover specific industries, contends a Cahners ad exec. Above, some of the 35 magazines in the new Cahners network.

Preliminary results show that the subscriber base to the Springhouse magazines is 94 percent female. Their mean income is $44,000, 64 percent are married and 68 percent are household heads. Any products targeted to mothers with little spare time are of interest to these readers, Jensen argues, yet advertisers aren't reaching the group through women's magazines. Only 9 percent of these women read *Redbook*; 13 percent read *McCall's* and just 4 percent read *Working Woman*.

Acceptance is growing

The formation of business networks is an idea coming into its own, says Lee Haas, vice president, publisher of Penton Executive Network, referring to the number of new contenders. But the concept of advertising consumer products in specialized business magazines still has not gained total acceptance. One problem is the ad community's belief that paid circulation is more valuable, he says.

Business publishers have turned to controlled circulation to ensure that their magazines reach the decision makers; yet the advertising community believes that if someone pays $5 for a magazine, he or she wants it more than the person who receives it free, explains Haas, who offers advertisers 13 magazines with a 1.7 million combined circulation.

Convincing the ad community of the value of the business magazine buy is an educational process. The general business magazines had the same problems when they were launched, Haas says. "Fifty years ago general advertisers wanted to be in general interest magazines," he says. The first *Business Week* sales representative selling Pontiac or Cadillac ran into the same resistance. Today *Business Week* generates $166 million in advertising revenue annually, he notes.

Penton suggests to advertisers that the specialized business press is an unknown with potential. "They've tried reaching the elusive consumer through television, radio, billboards—all media. Why not use the business press?" he asks.

Some agencies see Haas's point. Scali McCabe Sloves Inc. has used business magazines to promote products from its client, Sharp Elec-

How business magazine networks stack up against general interest business titles

	Worldwide circulation	1 B&W page	Cost per thousand
The Wall Street Journal	2.1 million	$102,635	$48.87
Business Week	950,000	35,150	37.00
Fortune	802,000	29,440	36.71
Forbes	786,000	24,930	31.72
Cahners Magazine Network	2.7 million	64,320	23.82
Chilton's All Business Network	1.4 million	20,333	14.52
Penton Executive Network	1.7 million	24,740	14.55
McGraw-Hill Management Network	1.7 million	39,745	23.38

Source: Standard Rates & Data Service and Audit Bureau of Circulations, except for Cahners and McGraw-Hill. Circulation figures have been rounded off.

***Business magazine publishers** are trying to get a piece of the consumer advertising pie by showing that their networks reach more business people, more efficiently, than the well-known, general business titles. They note that their cost for reaching one thousand readers (CPM) is lower than that of the consumer-oriented titles.*

tronics Corporation. Reduced advertising budgets are pushing advertisers to look for new buys, making the specialized business press look more attractive, says Lawrence Brittan, assistant media planner.

Page positions are also a plus in the business press. The size of the advertising wells are not as great in a business magazine as they are in a consumer magazine; most ads can face an editorial page, he says.

In fact, Scali uses more business magazines than consumer titles to promote Sharp's products. "The nature of the business magazine is more selective in editorial and more intensive in reading. Accountants are more interested in an accounting magazine than in *Business Week*," he says.

McGraw-Hill, publisher of *Business Week*, formed Management Network six years ago. The network's 20 specialized business magazines—*Business Week* isn't part of it—have a total circulation of 1.7 million. The network has pulled in advertising from IBM, AT&T, TWA, Northwest Airlines, Inc., and Hilton Hotels Corporation, among others. Last year total net revenues after agency discounts were $2.5 million, says David Metz, general manager for the network.

Chilton Company is a recent contender in the network game. The company introduced a group buy of 16 magazines with combined circulation of 1.4 million in March. So far, the network has not taken in any national advertising, reports James White, vice president of corporate marketing.

The network is Chilton's second effort at a group buy. Six years ago it formed one to sell its business magazines, but was not very successful. The problem was finding a way to present information about subscribers that the advertising agency community could relate to, White says.

"Most business-to-business publishers just think in terms of professionals," he explains. "Our salesmen weren't geared to say 'the reader of our magazine happens to be highly educated, travels three times more than anybody else and buys foreign cars.' "

The Chilton network is not measured by either Simmons or Mediamark Research, Inc. (MRI). MRI does measure McGraw-Hill and Penton.

Smaller firm has success

A smaller specialized business magazine publisher has had some success selling consumer advertisers. For almost two years Warren, Gorham & Lamont, Inc., New York City, a directory, newsletter and magazine publisher, has been selling a network of six magazines to such advertisers as Omega Watch Corp., Consolidated Cigar Corporation and Charles Schwab & Co., a financial services company, says Frank Lee, ad sales director.

The company commissioned a $50,000 readership study from Readex Incorporated. It found that, although the subject matter of the six paid circulation publications was very different—covering such diverse fields as real estate, law and accounting—the readers' demographic profiles were very similar, he says. The audience for all the magazines was mostly male, in their 40s, and in top managerial positions.

Still, some advertisers balked at the diverse fields covered by the six titles. "They would say flatly, 'We don't buy real estate books,' " he explains. For that reason advertisers are offered partial network buys. Cahners and McGraw-Hill also offer partial buys.☐

USPS realignment: Is it working?

Local policy rulings a mixed blessing, but USPS relations improve

■ Now a year into the U.S. Postal Service reorganization implemented by former Postmaster General Albert Casey, there remain complaints—but mainly among postal managers themselves. Second and third class mailers, on the other hand, are finding the realignment that affected hundreds of thousands of postal workers nationwide has had little negative impact on their day-to-day dealings with the Postal Service. In fact, outside of the current postal rate case, the Postal Service may be enjoying the most positive relationship with major mailers it has had in many years.

The reorganization basically removed district offices, scaled back the five regional offices, and put more operating authority in 74 divisions. For mailers, that has meant more immediate and efficient decision making in the field. The theory is that local managers, dealing more closely with their cus-

Ad tracking services add competitive edge

Computerized and customized, ad monitors show who the advertisers are and who's getting their ads

BY PAUL FRICHTL
ASSOCIATE EDITOR

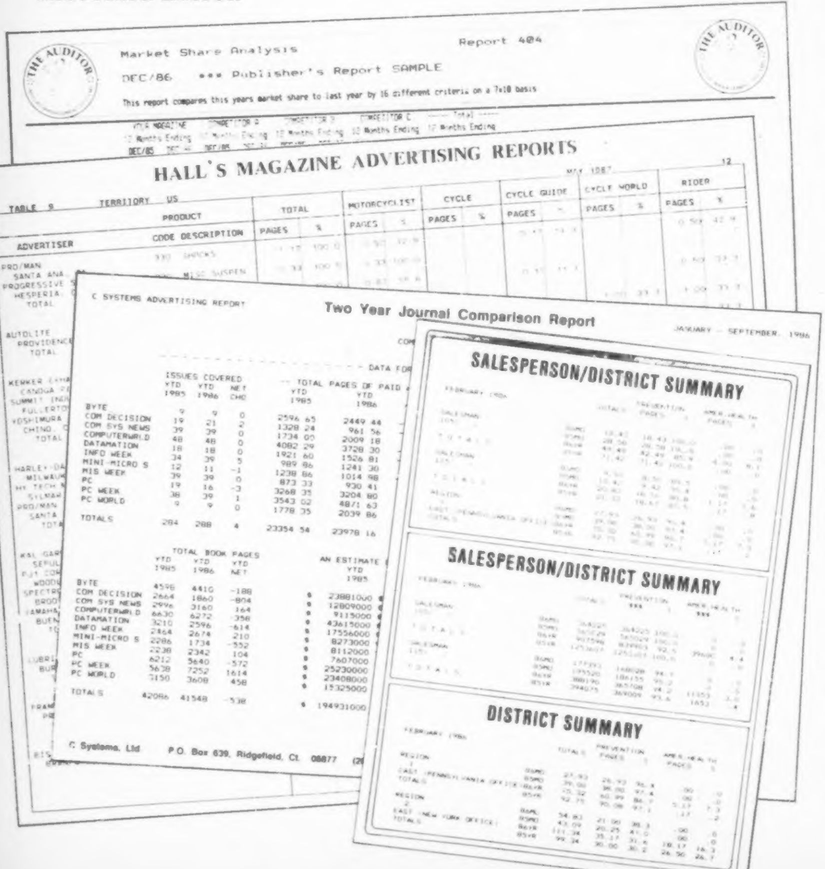
Most magazines track their competition's advertising in one way or another. At its most basic, ad tracking might involve individual salespeople, the sales manager and the publisher leaning back in their chairs and leafing through a competitor's latest issue. On occasion, someone might scribble out the name and address of an advertiser with which he or she is unfamiliar.

At the other extreme are a number of professional ad tracking services that provide publisher clients with a series of monthly reports and sales activity summaries that detail everything from a single salesperson's market share for a particular advertiser, to who the new advertisers are in that territory; from the effectiveness of one magazine's six-time rate against another's, to the size of the schedule key advertisers are running with the competition. Such tracking services offer competitive information in dozens of report forms—standard and customized—that continuously track such key variables as dollars spent, pages run and percentages of total market share.

For the publishers subscribing to ad monitoring services, the reports are particularly valuable management and sales tools. They help salespeople determine who is running advertising, how much they are running, and which of their competitors are getting the business. Similarly, for management, competitive reports can rank advertisers by ad budgets, identify the most profitable product categories and single out where a sales force's time would be best spent. The reports help executives better manage their sales force, anticipate market changes and target growth areas.

The data required to generate such reports are available to anyone: It comes from published magazines and rate cards. Some publishers have been compiling that kind of information inhouse for years. Most likely, it has been a priority for them—high enough that they've invested in the personnel, and perhaps computers, necessary to produce competitive analysis reports on a consistent basis. But, for most publishers, according to both vendor and publisher sources, tracking efforts are erratic and primitive.

The difference offered by professional services is the sophisticated way the data are manipulated and molded



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Market Share Analysis                          Report 404
DEC/86    *** Publisher's Report SAMPLE
This report compares this years market share to last year by 16 different criteria on a 7x10 basis
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HALL'S MAGAZINE ADVERTISING REPORTS

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C SYSTEMS ADVERTISING REPORT          Two Year Journal Comparison Report     JANUARY - SEPTEMBER, 1986

                  ISSUES COVERED        -- TOTAL PAGES OF PAID
                  YTD   YTD   NET          YTD        YTD
                  1985  1986  CHG          1985       1986
BYTE                9     9    0
COM DECISION       19    21    2         2596 65    2449 44
COM SYS NEWS       39    39    0         1328 24     961 56
COMPUTERWRLD       48    48    0         1734 09    2009 18
DATAMATION         18    18    0         4082 29    3728 30
INFO WEEK          34    39    5         1921 60    1526 81
MINI-MICRO S       12    11   -1          989 86    1241 30
MIS WEEK           39    39    0         1238 86    1014 98
PC                 19    16   -3          873 33     930 41
PC WEEK            38    39    1         3268 35    3204 80
PC WORLD            9     9    0         3543 02    4871 63
                                         1778 35    2039 86
TOTALS            284   288    4        23354 54   23978 16

                  TOTAL BOOK PAGES                AN ESTIMATE
                  YTD   YTD   YTD                   YTD
                  1985  1986  NET                   1985
BYTE              4598  4410  -188            $  23881000
COM DECISION      2664  1860  -804            $  12809000
COM SYS NEWS      2996  3160   164            $   9115000
COMPUTERWRLD      6630  6272  -358            $  43615000
DATAMATION        3210  2596  -614            $  17556000
INFO WEEK         2464  2674   210            $   8273000
MINI-MICRO S      2286  1734  -552            $   8112000
MIS WEEK          2238  2342   104            $   7607000
PC                6212  5640  -572            $  25230000
PC WEEK           5638  7252  1614            $  23408000
PC WORLD          3150  3608   458            $  15325000

TOTALS           42086 41548  -538            $ 194931000

C Systems, Ltd     P.O. Box 639, Ridgefield, Ct   06877
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SALESPERSON/DISTRICT SUMMARY

SALESPERSON/DISTRICT SUMMARY

DISTRICT SUMMARY

***Computerized tracking reports** give managers a finely focused view of sales force performance compared to ad market trends.*

into report form. Ad tracking vendors operate large databases that quickly and accurately reconfigure detailed data entries into virtually any form a customer requires. The software, in most cases, was developed specifically for publishing applications; many of the reports are the result of a publisher's special request, which was later added to the vendors library of reports. Convenience and timeliness are two of the key attributes of professional tracking vendors. They develop competitive analyses from real, published data. They reshuffle historical figures to point up developing trends and, in one-page summaries each month, tell a publisher where he's at and where his market is going.

Says David Wexler, group vice president at Cahners Publishing, "[Tracking services] allow a publisher to know where his publication is in relation to other publications—not in terms of gut feeling, but in terms of reality."

Adds media consultant Arthur Rosenfield, "You have to know what the competition is doing. Any publisher who doesn't use a tracking service is missing a real opportunity."

Getting the most from tracking reports

Competitive ad tracking reports have two basic functions: to help salespeople to know what is going on in their marketplace, and to help managers take a broader view to help salespeople get the most out of their territories. The key for managers using these reports, according to advertising sales consultant Arthur Rosenfield, is to require salespeople, each month, to do a "brutally honest analysis" of his or her territory and report specific activity plans that will improve their market penetration. Following are questions that Rosenfield suggests salespeople use in conjunction with their report analysis.

- How many pages have run in my territory? Month? Year to date? Last year?
- What is my market share? Up/down?
- How does my publication rank in market share in my territory?
- Who are the top advertisers in my territory? What is my position with them?
- What accounts are strong with other publications?
- Did any new accounts break in my territory?
- Were there any shifts in schedules?
- Are the schedules different from what I was told?
- Can we improve a schedule by addition or by substitution of our publication?
- Do any publications have exclusive accounts?
- Is my target account list up-to-date and complete?
- Is there information in the report that might be helpful for ad agencies or accounts?
- Can these be used to develop annual projections?

A bench mark for publishers

The best measure of a magazine's position in a market is not necessarily sales this year versus last, but how a magazine measures up to its competition in total share of advertising linage in the marketplace. According to J.J. Howlett II, publisher of *Aviation Equipment Maintenance*, the whole point of ad tracking is to know what advertising is in the marketplace and who the competition really is—"That's anyone out there who is taking away ad dollars," he says. Narrowing that down, he cites seven magazines in the aviation trade field from which he feels his four-year-old magazine should be taking revenue. He tracks those seven through a professional service.

For Howlett, territorial reports giving dollar and percentage figures show how each of his sales offices stacks up against its competitors. "It shows us where we're going," he says. "It's a bench mark that tells us how many pages and advertising dollars are in a given area and what our penetration is, this year versus last year."

He also finds the reports to be valuable resources for pointing his salespeople in the right direction. "You've got to give your salespeople all the tools you can. We're giving them people who are already spending advertising dollars." Much of that market share he has apparently been able to draw away. Although it's difficult to attribute success directly to the possession of competitive information, Howlett says, "What it also shows us is that, in the aviation field, everyone else was down last year and we were up 57 percent. That's a pretty strong sales tool in itself."

Professional tracking services allow a publisher to know where his publication is in relation to others—not in terms of gut feeling, but in terms of reality.

Competitive information can be especially helpful for a magazine trying to get the most from a small sales force. *Welding Journal*, a Miami-based trade title, has only one full-time salesperson for the East Coast. Publisher Richard French says tracking reports make it easy for him to spot the advertisers he wants a salesperson to go after: "If I see in the reports that someone's doing 10 pages with the competition and none with me, then that's a good prospect."

In the first nine months of 1986, *Welding Journal* pages were up 39 percent and its market share rose 15 percent.

In addition to providing sales leads, tracking reports help some publishers keep track of ad markets that can be extremely fluid, but subtle. David Persson, publisher of *Electronic Media*, a Crain Communications title covering the television syndication market, says sales territories can change with comings and goings of advertisers. He is trying to keep close track of an active market by monitoring a number of product categories, such as equipment manufacturers, financial companies and television stations, in order to better plan promotional efforts.

Perhaps equally unstable in Persson's market is the number of magazines competing for that advertising. Says Persson, "There are always a lot of players coming into the market, and there's always some magazine leaving the market. We like to anticipate trends, not just react to them."

One magazine even started a new edition as the result of information gleaned from ad tracking reports. Because ad tracking services pick up regional editions and local magazines that most salespeople might never see, this publisher noticed that a large number of advertisers, who were giving no business to his magazine, were giving exclusives to a Florida regional magazine. That national magazine now publishes a successful Florida edition.

For most publishers, the primary use for ad tracking reports is in-house sales management. However, *Distribution* magazine, a Chilton book, has found an important secondary use for its competitive data: Advertisers are often eager to see what their competition is doing. One prime area of coverage for the magazine is the transportation industry. Railroad carriers, for instance, want to know where their competition is running advertising and how much they are spending. According to Di Ann Vick, marketing services manager, the information is not flaunted freely between competing advertisers, but for those advertisers who have asked, the reports have proven influential in convincing advertisers to increase ad budgets to compete better. Vick also adds that having an independent third party develop the figures enhances the authority of this type of pitch.

Russ Weller, president of Weller & Associates, an independent sales representative in Chicago, appreciates perhaps more than most the value of professional reports. His company deals with eight different consumer magazines and gets a wide variety of reporting from those publishers—from detailed professional reports to an occasional disorganized package of photocopied ads, many of which are not even from his territory. From his own experience, he says most publishers simply cannot generate adequate, consistent reports in-house as efficiently as a tracking service.

"It's not that expensive to do," he adds. "In fact, it's one of the best values I've found."

Some still prefer hands on

There are those publishers, however, who prefer to do the manual work in-house. In fact, according to both vendor and publishing sources, most magazines do not hire third-party services to track their competition. Although the number of magazines tracked ranges into the thousands, the number of magazines paying for that information is relatively small. By one estimate, that of Martin Walker, vice president of The Auditor, as many as 90 percent of publishers do not use outside monitoring services.

Karalee Arrigo, associate publisher for *Home Center Magazine*, explains that she would rather see each of the ads, especially new ones, to learn what kind of advertising they are interested in and what kind of creative work has gone into the advertisement. She also notes that at times, especially with more and more special sections in magazines, it is difficult to tell whether some pages are editorial or advertising. She says she prefers to have the hands-on control to judge for herself how to classify each ad.

One magazine, a Chilton book, has found an important secondary use for its competitive data.

Other magazines simply have no need to track their competitors. Weller says that some markets are so vertical and the competition so limited that there is no need to go through the expense and hassle of tracking. Each of the publishers in the market knows exactly where the advertising is going each month.

Most sources, however, don't buy the hands-on rationale. Explains Weller: "It's real easy for a sales force, on an individual basis, to go through their competition four or five times, leafing through it to see who the advertisers are. The problem is that they don't develop a history. They see the ads and know when and where they ran, but they don't develop a feeling for how much is coming out of that advertiser.

"We use the reports to give our sales reps an opportunity to see the complete picture," concludes Weller. "We took away the onus of top-of-mind."

Adds Kari Mitchell, president of Patterson Advertising Reports (PAR), many publishers feel it is easier to cost justify "borrowing" the time of a staff person to track competitors. She, on the other hand, believes that most publishers would find net costs attributed to tracking lower if performed by an outside service. She estimates that a medium size magazine in a competitive market might require two salaried people, plus a computer system, to generate the level of reporting that a tracking vendor can supply.

Some publishers have switched to tracking services for that very reason. Jeffrey Berlind, publisher of *Restaurant Business*, says he used to have in-house people doing the tracking but dropped that in favor independent vendors. "It's one of those things where it's a clerical function and you can spend a lot of money constantly hiring people. It just becomes a pain in the neck," he says, adding that not having to train new people continually is cost justification enough for using outside services.

How they work

In general, the vendor subscribes to the magazines it tracks. As the magazines come in, a staff of readers goes through each issue. In processing, most vendors say, each ad is looked at three or four times to assure the accuracy of the computer coding. Personnel assigned to checking and coding ads identify the advertiser, product, brand, size, color and so forth. They identify regional editions of the publication and whether the ad is a supplement, insert or card. Each variable is computer coded and the data is distilled into computer files or large databases. Once in the system, sophisticated software programs can draw on the data, merge it with rate card and territorial data supplied by publisher, and generate dozens of different reports.

Most of these large database vendors appear to concentrate primarily on publishing, and often on magazines only. Many of the executives have come out of publishing and ad sales. As a result, their programming comes from a publishing and ad sales perspective, rather than as an adaptation from another industry.

Some companies work under the system of account managers so that the managers become experts in their particular magazine market. That person becomes the contact for magazine clients when they need questions answered or last-minute reports printed out.

The reporting itself is usually on a subscription basis. Each month, or according to the frequency of the publication and its competitors, the vendor puts together a customized report package for each publisher. Some vendors offer separate packages for management and for salespeople. In most cases, the reports, which can run dozens of pages of computer printout, come with a one-page summary that spotlights specific changes in sales trends or market share, new advertisers in a market, advertisers that are missing that month, and so forth.

The best known service is probably Leading National Advertisers (LNA), from which the Publishers Information Bureau tracks and reports on nearly 150 consumer magazines, on a membership basis. The LNA-Rome Report monitors some 580 business publications in 81 Standard Rate & Data Service classifications. The magazines tracked are not necessarily subscribers to the service.

Other services, such as Space Analysis Systems and the Periodical Studies Services' The Auditor, track a wide range of consumer and trade publications on a client request basis. A publisher tells the service what magazines to track and sets such parameters as sales territories and product categories to be monitored.

> "None of this means that any of the services lock themselves out of new markets, or that they will not take on additional magazines not already tracked."

The bulk of the tracking industry, however, is characterized by companies serving very specific niches. They monitor every magazine in a specific magazine category, consumer or business, regardless of client request. Obviously, they choose only markets with a high potential for subscriber sales—and that has left many magazine markets without a committed monitor.

But the tracking industry has experienced substantial growth in the last several years, and most companies admit that with the niche type of marketing they are involved in, there is plenty of room for growth. In fact there are a number of limiting market factors at work that keep these services within certain areas of expertise. One is simply the market. Several of the services do the pioneering work, going into a new magazine market and initiating the tracking process without a client request. The assumption is that once they have some numbers to show, they can market their reports to the publishers in that market. An example is PAR's recent venture into parenting and baby magazines. As one of the fastest growing magazine markets, one that is becoming increasingly competitive, the parenting market, Mitchell says, is ripe for competitive ad tracking.

But services that are making that initial investment in tracking an industry must also weigh carefully their ability to sell to publishers the data they track. For instance, Hall's Magazine Reports, which concentrates mainly on the sports-oriented male magazine market, has signed on every magazine in the boating industry—publisher Philip R. Morris, having worked for several major boating titles, launched Hall's ad tracking service based on his expertise in the boating market.

On the other hand, Hall's looked at initiating tracking services for the popular science magazine field several years ago. At the time, industry predictions had it that the swelling number of titles in the field had a promising future. Interviewed several days after the recent sale of *Discover*, now one of the few of its breed remaining, Morris breathed a sigh of relief for having decided not to pursue that market.

Another consideration is the level of expertise required just to comprehend advertising enough to code it into a databank. Morris says Hall's has avoided the temptation to venture into a number of markets such as electronics and computer magazines because of

Vendor report formats

The following is a sample of the kinds of reports available from professional vendors. Each, depending on its nature, can be broken out according to such variables as alphabetical order, publication, sales territory, state, Zip, salesperson, advertiser, product category, size-rank, page units, revenue and so on.

Account listing by product category
Alphabetical advertiser
Exclusive accounts
Individual company profiles
Missing advertisers
Page volume analysis
Product summary
Rank-size
Rate card comparison
Revenue share
Revenue by unit comparison
Sales call tracking
Share of market
12-month advertiser activity
Unrenewed advertisers
Year-end summaries

Our size and specialization, as the world's largest response card printer, enable us to satisfy even...

...the toughest customer! Specialization inevitably leads to special expertise. At Scoville Press, that means we've developed the ability to satisfy the most demanding direct response card pack publishers.

As the *largest* printer of response cards of all kinds, we print and mail card packs, both 3½" x 5½" and new 5" x 7" "Jumbo" card packs for *extra* impact. Other options include 4-color process cards on coated stock, especially suitable for *consumer* card packs, as well as single or multi-fold cards.

Call or write Don Wildman, president, and let us *prove* we can meet your needs for turn-around, quality, and cost control. Even if you *are* a tough customer.

Scoville Press, Inc.

14505 27th Ave. North
Minneapolis, MN 55441
(612) 553-1400

Circle no. 110 for more information

the specialized knowledge needed to break the advertising down into accurate and meaningful reports.

Alternative vendors

However, none of this means that any of the services lock themselves out of new markets, or that they will not take on additional magazines not already tracked. The way Mitchell sees it, a new magazine tracked for one client opens the door for PAR to market that information to another market.

An option to services that deliver complete printed report packages each month is an on-line databank such as that maintained by C Systems, a specialist in the high technology market. According to vice president James R. Callan, C System's Ad-Line service monitors some 20,000 companies and more than 170 publications that they advertise in. A magazine publisher with a personal computer and modem can tie into the Connecticut company's database for nearly instantaneous information on particular companies, product categories or specific magazine competitors.

Is the in-house use of vendor data the wave of the future?

Hall's Magazine Reports is working on a variation of the on-line concept with the raw data for certain magazine markets available on floppy disks for personal computers. A magazine subscribing to the service might use that data with special report writing software to customize its own reports—for example, an analysis of advertising in a specific product category to be used as back-up in a sales presentation. Morris sees the in-house use of vendor data as "the wave of the future."

Perhaps it is. At least two other vendors, AMS/Adserve and Policy Development Corporation (PDC), are moving in that direction. Adserve president Terry Nathan believes that given a system simple enough to use with no training, most publishers would want to replace outside reporting services with computer hardware and software needed to generate the same reports in-house.

Adds Barbara Bittle, vice president of sales and marketing for PDC, "Every publisher has their method of reporting. You can always hand them a standard report out of an existing library, but everyone wants to do just this specific thing. That's when it becomes interesting to get something like a report writer."

Both systems rely on the publisher to collect the data and enter it into the system. The benefit comes in the flexibility to write reports in any form, at any time.

Added services

Where the average publisher might get three to five different reports in his subscription package, depending on the vendor, another useful option for many publishers is one-shot reports. Berlind of *Restaurant Business*, for example, gets four regular monthly reports from his tracking service. On occasion, before meetings with certain key advertisers, he asks the service to generate specific reports on that advertiser's product category. He wants to know, going into that meeting, what that advertiser has spent over the last couple of years, where it was spent and what the competition has done.

The restaurant and food services group at Cahners Publishing uses a tracking vendor to supplement reports generated in house. Each magazine at Cahners has someone assigned to monitoring a number of key competitors and coding data into a centralized computer program for competitive tracking reports. However, certain outside vendors track the restaurant and hotel industries on a much broader scale—more than 20 magazines tracked compared to the seven or eight that Cahners regularly tracks.

As part of their report package, some vendors offer a number of special or optional reports that the publisher may want only every six months, or once a year. Publishers might, for example, get an alphabetized list of all advertisers in the market once a year to scoop up prospects; or a rank-size report to reshuffle lists of key and target accounts for a presentation at the annual sales meeting.

Berlind admits that because of the expense of one-shot reports, he would rather have his own researchers develop their own from the monthly vendor data. However, special vendor reports are frequently faster, easier and more

Ad monitoring services

Company	Types of publications monitored	Number of magazines monitored	Standard/ customized	Base fee
AMS/Adserve 49 W. 27 St. New York, NY 10001 Est. 1985 Contact: Terry Nathan	Consumer and trade publications on client-operated computer system	User determined	7 standard unlimited custom	$3,000 to $6,000 purchase price; $27.50/hour on-line
ADMATE® P.O. Box 34470 Bethesda, MD 20817 301-469-9220 Contact: Richard Mostow	Consumer and trade publications on client-operated computer system; an add-on software module to ADMATE,® available fourth quarter 1987	User determined	20+	ADMATE® software $5,950; tracking module, $950
Adscope P.O. Box 226 Goldendale, WA 98620 509-773-3703 Est. 1982 Contact: Sheila Clarke	Computer, telecommunications, electronics, retail chain and health care publications	175	8	$125-$850
The Advertising Checking Bureau 2 Park Ave. New York, NY 10016 800-638-8333 Contact: Brian McShane	Consumer and trade magazines, daily Sunday and weekly newspapers; home-delivered circulars	120	20 standard 200-300 custom custom	$100/mo., plus fee per ad feature reported
The Auditor, Periodical Studies Service 200 W. 57 St. New York, NY 10019 212-586-3606 Contact: Martin S. Walker	Consumer, business and trade publications on customer request	400+ in U.S. and Canada	13 monthly 6 quarterly or semiannual	$110 per month per title tracked
Bacon's PR and Media Information Service 332 S. Michigan Ave. Chicago, IL 60604 800-621-0561 Est. 1932 Contact: Marilyn Bacon	Consumer, trade, business and farm journals, and daily newspapers	4,200	Available on request	Varies according to report
Burrelle's Advertising Analysis Service 75 E. Northfield Rd. Livingston, NJ 07039 201-992-6600 Est. 1979 Contact: Matthew Barba	All magazines and newspapers published in the United States and Canada	Over 16,000	100+ custom	$500/mo. minimum based on titles tracked

directly to the point.

Not all vendors offer one-shot reports, but for some, it's a significant piece of business. Neither does all the one-shot business come from publishers. Several vendors have found that advertising agencies are increasingly looking for competitive product market information to beef up pitches to new clients or to bolster arguments why an advertiser should increase his ad budget. According to Mitchell, some agencies subscribe to reports on certain product categories in order to keep on top of advertising activity in that market—rather than reading each of the magazines each month.

Hall's offers an interesting twist on agency interest in tracking reports. According to Morris, the company does not sell reports to agencies, but it refers the agency to a list of its magazine clients subscribing to the reports. In so doing, Hall's refers a hot prospect to one or more of its clients. "It seems to be one of the best ways to pay back salespeople for the business they give us," says Morris.

Putting the reports to use

Application of competitive advertising information to the marketplace is as flexible as the management styles of the people who use the reports. Their greatest use, say users, is as a guide to where to focus attention. They can point out the strengths and weaknesses of the entire sales effort, or of individuals on the sales force.

What competitive reports cannot do is tell a publisher how to react to numbers that reveal deficiencies.

Some tracking services keep track of sales calls made by their clients' salespeople. They rely on the publisher to provide them, each month, with information on sales calls made by each salesperson, who made each sale, and

Ad monitoring services

Company	Types of publications monitored	Number of magazines monitored	Standard/ customized	Base fee
C Systems, Ltd. P.O. Box 639 Ridgefield, CT 06877 203-438-0652 Est. 1975 Contact: Earlene Callan	Primarily high-tech publications, but also major business, industrial and travel trade titles. Consumer titles starting July 1987	160-180	5 standard 40 custom	$600 to $6,100 per year
Hall's Magazine Advertising Reports 544 Old Post Road #3 Greenwich, CT 06930 203-661-0190 Contact: Philip R. Morris	Special interest magazines in automotive, boating, motorcycles, photography, skiing, golf, science and mechanics, hunting, fishing and outdoor	50	both	Available on request
LNA-Rome Reports 136 Madison Ave. New York, NY 10016 212-725-2700 Est. 1983 Contact: Kathren Franolich	Business and trade publications	582	10 standard	$285-$750
Leading National Advertisers (LNA) 136 Madison Ave. New York, NY 10016 212-725-2700 Contact: Kyra Koury	Magazine members of the Publishers Information Bureau—consumer magazines plus four national newspaper supplements	151	20+ standard 40+ custom	$140
PERQ 88 Danbury Rd. Wilton, CT 06897 203-834-9983 Contact: Peter Danos	Professional journals in medical/ surgical, pharmacy, lab/pathology, ophthalmology, optometry, radiology, dental and nursing	375	8 standard 5 custom	Available on request
Patterson Advertising Reports 550 N. Frontage Road Suite 294 Northfield, IL 60093 312-446-9233 Est. 1979 Contact: Wally Patterson	Special interest consumer and business magazine markets	125	26 standard 10 custom	$300/mo.
Space Analysis Systems (SAS) 2300 Computer Ave., Suite H38 Willow Grove, PA 19090 215-938-0160 Est. 1979 Contact: Steven S. Livers	Business, trade, scientific and specialized consumer magazines, tabloids and journals	300	33	$330/month based on ad pages monitored

how credit for pages sold should be distributed among the people involved in joint sales. With that, computerized printouts can demonstrate the effectiveness of the individuals. If a manager notices that the magazine is not getting business from a certain account, he can demand a report explaining why the magazine is not getting that business and what the salesperson is doing to get it. *Review of Optometry* is basing its bonus program this year on how well individual salespeople do with the magazine's largest advertisers—as indicated on ad monitoring reports.

Sources such as Weller see a danger in attributing too much value to the numbers generated in tracking reports and turning the information against individuals whose numbers may not stack up as highly as a manager expects. "The idea is to help the sales force, to help management, not to criticize the individuals," says Weller. "The intent is not policing—it's making sure that when you're too close to the forest to see the trees, that you have all the trees listed."

Mitchell, and indeed all vendors, stand by the accuracy of their monitoring, but she says that once in a while, when a manager goes to a salesperson asking about discrepancies between PAR reports and the salesperson's call reports, PAR often takes the blame. Counters Mitchell, "What we're counting, and what's showing up in the reports, is only what we're seeing in the magazines."

But for the most part, subscribers to the service are eager for any information they can get on their competition. The publisher of *Designers West* uses PAR probably more freely than the rest. Mitchell says he calls every month looking for sneak previews on page counts before the reports are mailed to the rest of the market.□

Trends in single-copy sales

More trouble lies ahead unless circulators can reverse negative single-copy sales trends

[redacted]

Newsstand sales are suffering on all fronts—reductions in units sold; decreases in available sales outlets; and eroding percentages of sell-through.

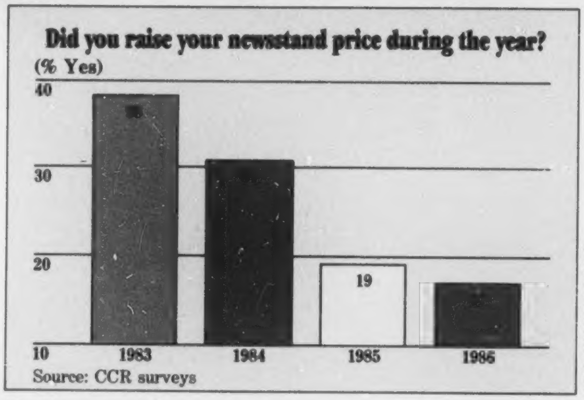
These are facts that must be addressed. If the trend toward declining sales does not reverse, more and more pressure will be put on subscription sales, according to E. Daniel Capell, president of Compuname/Names in the News, Inc., and editor of *Capell's Circulation Report (CCR)*. Capell offers an analysis of trends in newsstand sales in this, the third part of a three-part series.

Most circulators believe that the proliferation of new titles is the primary reason for the problem in single-copy sales, according to Capell. However, other important factors are playing a part. One is the increased number of stamp-sheet mailings and promotions. According to Capell, these have made consumers feel they would be "crazy" to pay full newsstand price.

National distributors are also finding it harder to handle smaller titles, since they make most of their money on 15 to 20 big sellers. There is also a decrease in retail outlets for magazines, and related to this, little attention paid to the titles that are in the stores now. No one is worrying about how the magazines are displayed in the stores, explains Capell.

In addition, there are fewer wholesalers. This means that the average wholesaler must cover more territory—which inevitably means that retail outlets are being serviced less frequently, he says.

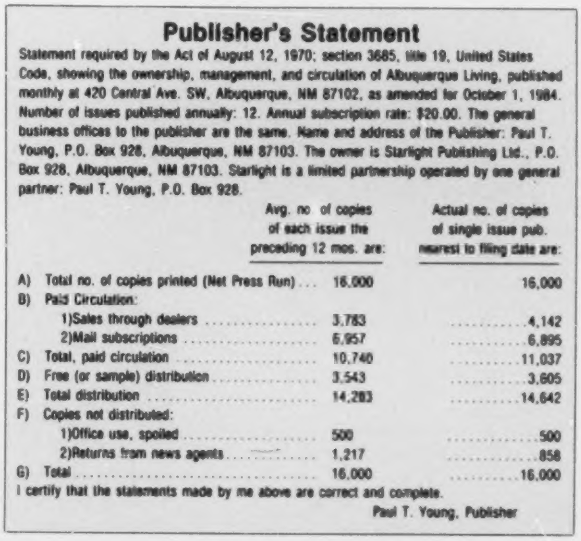
Magazines can fight back, however, notes Capell. One possibility is for them to become more aggressive on pricing. Also, the trend toward mixing a controlled circulation with paid will take the pressure off getting the circulation numbers and allow for price increases. And, advancements in information flow will surely help newsstand sales. It currently takes too long to get sales figures on an issue-by-issue basis. The sooner circulators get single-copy sales performance figures, the quicker they can respond, notes Capell.



Source: CCR surveys

GRAPHS BY SHARON NOE

Perhaps circulators don't have to be so conservative about raising cover prices. Only 17 percent of the circulators surveyed increased cover price last year.



Publisher's Statement

Statement required by the Act of August 12, 1970; section 3685, title 19, United States Code, showing the ownership, management, and circulation of Albuquerque Living, published monthly at 420 Central Ave. SW, Albuquerque, NM 87102, as amended for October 1, 1984. Number of issues published annually: 12. Annual subscription rate: $20.00. The general business offices to the publisher are the same. Name and address of the Publisher: Paul T. Young, P.O. Box 928, Albuquerque, NM 87103. The owner is Starlight Publishing Ltd., P.O. Box 928, Albuquerque, NM 87103. Starlight is a limited partnership operated by one general partner: Paul T. Young, P.O. Box 928.

	Avg. no. of copies of each issue the preceding 12 mos. are:	Actual no. of copies of single issue pub. nearest to filing date are:
A) Total no. of copies printed (Net Press Run)	16,000	16,000
B) Paid Circulation:		
1)Sales through dealers	3,783	4,142
2)Mail subscriptions	6,957	6,895
C) Total, paid circulation	10,740	11,037
D) Free (or sample) distribution	3,543	3,605
E) Total distribution	14,283	14,642
F) Copies not distributed:		
1)Office use, spoiled	500	500
2)Returns from news agents	1,217	858
G) Total	16,000	16,000

I certify that the statements made by me above are correct and complete.

Paul T. Young, Publisher

To keep an eye on the competition's newsstand sell-through, analyze the statement of ownership. All second class mailers must run this statement once a year. Line B1 gives the number of copies sold through vendors, while line F2 shows the number of copies returned from news agents. To figure out sell-through, divide the total on B1 by the sum of B1 and F2.

Circulation trends: Part 3

Newsstand unit sales
(ABC members)

	No. members	Unit sales (000s)
1980	407	90,895
1981	406	86,786
1982	431	85,373
1983	439	83,817
1984	473	81,824
1985	474	80,540
1986	481	76,512
% Change 1980-1986	+18.2%	−15.8%

Source: MPA

Note: Subscription sales have increased 37.4% over the same 1980-1986 period

The average unit sale per issue has declined 15.8 percent from 1980 to 1986, although the number of Audit Bureau of Circulations members increased by 18.2 percent during that time. Gains in subscription sales have helped offset the newsstand circulation losses.

Average newsstand sales per issue (000s)

	Draw	Sale	% Sale
1982	107,566	72,111	67.0
1983	107,218	70,078	65.4
1984	105,720	67,718	64.1
1985	104,034	65,340	62.8
1986	101,656	62,566	61.5
% Change 1982-1986	−5.5%	−13.2%	−8.2%

Source: Statements of Ownership for the same group of 133 magazines for each year

Sell-through has steadily declined over the past five years, from 67 percent in 1982 to 61.5 percent in 1986, according to statistics compiled from the statements of ownership of 133 consumer titles. The 61.5 percent figure may be misleading, however, because it reflects primarily the sell-through of a select few magazines that actually sell better than most titles.

Top 10 newsstand sellers (000s)

Magazine	1982	1986	% Change
1. TV Guide	9,724	8,415	−13.5
2. Family Circle	7,156	6,079	−15.1
3. Woman's Day	6,963	5,793	−16.8
4. National Enquirer	4,416	3,944	−10.7
5. The Star	3,564	2,677	−29.7
6. Penthouse	3,809	3,362	−5.7
7. Cosmopolitan	2,656	2,579	−2.9
8. Good Housekeeping	1,917	1,714	−10.6
9. People Weekly	1,893	1,682	−11.1
10. Globe	1,992	1,561	−21.6
	44,409	37,806	−14.3

Source: Statements of Ownership. Based on 1986 ranking

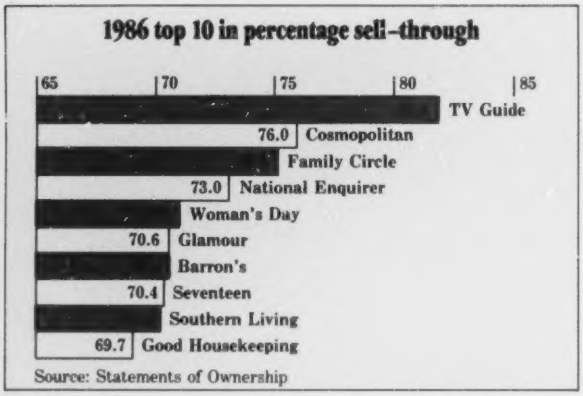
The top 10 newsstand sellers are hurting more than the 133 that *CCR* measures. The top 10's total volume is off 14.3 percent, compared with 13.2 percent for the *CCR* group.

Industry sales without top 20 sellers (000s)

	Draw	Sale	% Sale
1982	36,911	19,713	53.4
1986	35,887	17,033	47.5

Source: Statements of Ownership

A more realistic sell-through number emerges if the top 20 newsstand sellers are left out of the analysis. Percent sell-through is 47.5 percent for the rest of the industry, down from 53.4 percent in 1982. This compares with the 61.5 percent 1986 sell-through figure registered for 133 magazines.



Source: Statements of Ownership

There are only nine titles left (of the 133 measured by *CCR*) that sell 70 percent or better of their draw. There were an additional 15 titles that sold between 60 percent to 69 percent of draw last year. In 1982, there were 19 magazines that sold better than 70 percent of draw, and 23 that came in between 60 percent and 69 percent.

Percent sale by category of draw

	1982	1983	1984	1985	1986	% Change 1982-1986
1 Million+	73.1	71.1	70.5	68.7	68.4	-4.7
500M—999M	58.4	56.6	54.7	54.7	52.2	-6.2
250M—499M	52.9	50.0	48.2	47.0	44.4	-8.5
under 250M	48.9	48.8	47.6	44.6	44.1	-4.8

Source: Statements of Ownership for the same group of 133 magazines for each year

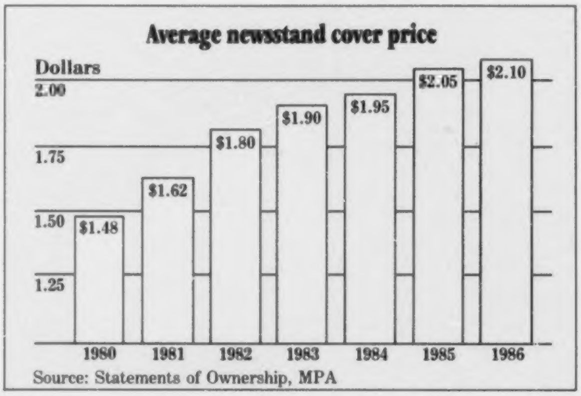
The greatest decline in percent sale of draw is registered by those with a draw between 250,000 and 499,000, dropping 8.5 percent over the past five years. The 44.1 percent sale of draw that the magazines in the under-250,000 category reported in 1986 is closer to the sell-through many magazines are experiencing.

Summary
(1982-1986)

	No. magazines	% of total (133 mags)
Gained percent sales	21	15.8
Gained units sold	48	36.0
Gained units sold, percent sold, and raised price	14	10.5

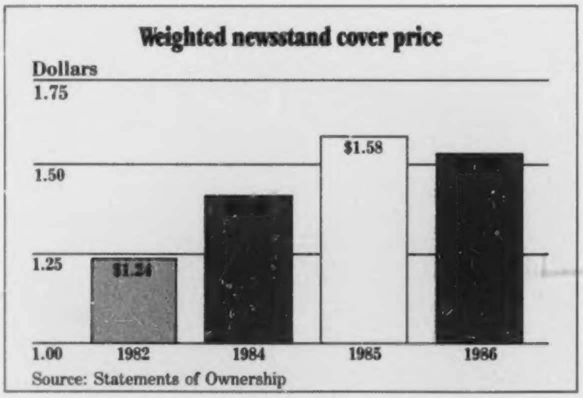
Source: Statements of Ownership

Only a limited number of magazines, 14, were able to pull off a triple play in the past five years, gaining units sold and percent sold, and raising cover price.



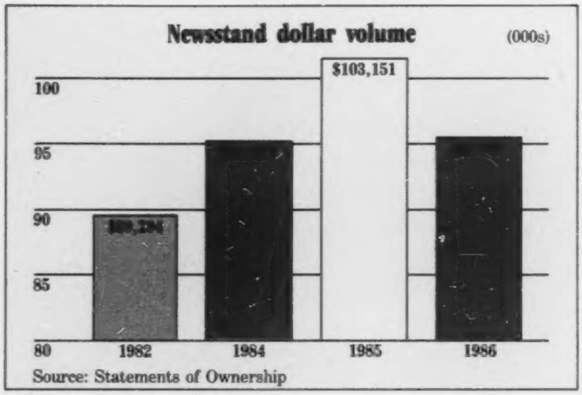
Source: Statements of Ownership, MPA

The average newsstand cover price has increased 41.9 percent from 1980 to 1986. . . .



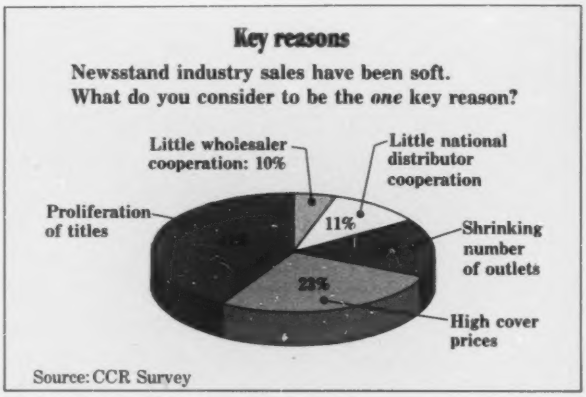
Source: Statements of Ownership

But the increases take on a different meaning when a weighted average is considered. By dividing newsstand cover prices by the units sold, as opposed to just the total number of magazines on sale, we see that the average weighted cover price actually declined in 1986.



Source: Statements of Ownership

1986 was the first year in four years of tracking that newsstand dollar volume decreased. Dollar volume was $95.7 million last year. The decline in unit sales is happening faster than what can be offset by cover-price increases.



Source: CCR Survey

Circulators offer an analysis of newsstand sales declines. Most say it's the proliferation of titles. Indeed, the Audit Bureau of Circulations had 481 members in 1986, compared with 407 in 1980. There are, however, fewer retail outlets for magazines, and this may be affecting sales more than circulators realize.

Advertisement

Tough ad sales questions answered by custom research.

Third-party research important for justification of magazine selection.

When media planners ask, "How do I know my client's prospects read your magazine," are they being good guys or bad guys?

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In addition, Readex is also offering other types of custom research designed to solve special problems for publishers:

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Are there other types of custom research studies? "Oh yes," says Semler. "You may not be able to put a name to the study or even describe it. All you need is the ability to describe your problem and the faith that the answer lies in the collective thoughts of some definable market. We'll be happy to discuss your needs."

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Circulation salary survey

FOLIO:'s 1987 Circulation salary survey reveals who's earning what in circulation. Figures are reported by job title, region, magazine frequency and other key factors for circulation executives at business and consumer magazines. Compare your salary to these industry averages. **133**

MAIL
EARL KELENY

Managing your list manager

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Editorial positioning: Key to ad sales

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Selling your magazine or publishing company may sometimes be the easiest solution—but it may not be the best. Gerard Leeds, president, CMP Publications, makes a case for resisting the temptation to sell. **222**

Will Hopkins: Say it with graphics

Magazine art must *communicate,* as well as look good, says Will Hopkins, award-winning art director of *American Health* and *Mother Earth News.* His style slices out flabby text and art, and merges graphics and editorial into sharp, high-impact spreads. Focus on essentials is a hallmark of his work. **79**

MICHAEL ROBERT SOLURI

October 1987

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UPDATE

Will magazine prices rise as postage, paper costs mount?

Unable to raise ad rates, publishers may well turn to circulation—particularly subscriptions

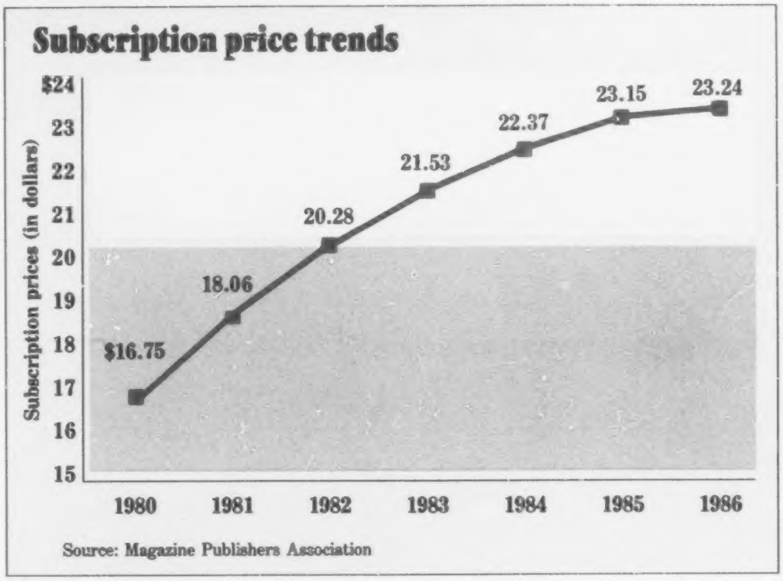
Facing increases in postal and paper costs, as well as declining ad revenue in a number of categories, many publishers, circulation consultants say, may break the steady-price trend of recent years, and raise prices on both subscriptions and single copies.

A survey conducted in August by E. Daniel Capell, president of Compuname/Names in the News, and editor of *Capell's Circulation Report*, shows that the magazine industry may be due for a round of subscription- and cover-price increases. At press time, 17 percent of 100 respondents—mostly consumer publishers—said they would raise subscription prices in 1988 or sooner; 37 percent were undecided. Similarly, 11 percent of respondents said they would raise cover prices, while 35 percent were undecided.

Although the number of publishers planning to raise prices isn't large—typically, one third to one quarter of magazines raise prices each year—the number of undecided publishers is significant. "It's the highest I've ever seen," Capell says. "It's double the percentage I usually see. There's a lot of thinking about what's going to happen in 1988."

Prices—particularly in the subscription area—had changed little since the early 1980s, thanks to a low inflation

(CONTINUED ON PAGE 48)



Source: Magazine Publishers Association

***Circulation pricing on the rise?** Following a significant price jump from 1980 to 1982, subscription prices have held steady for several years. But several sources indicate that another price jump may be in the offing as publishers feel the pressure from mounting postage and paper costs.*

Magazine profits rise to 11%

Lower manufacturing and distribution costs improve bottom line, MPA/Price Waterhouse survey shows

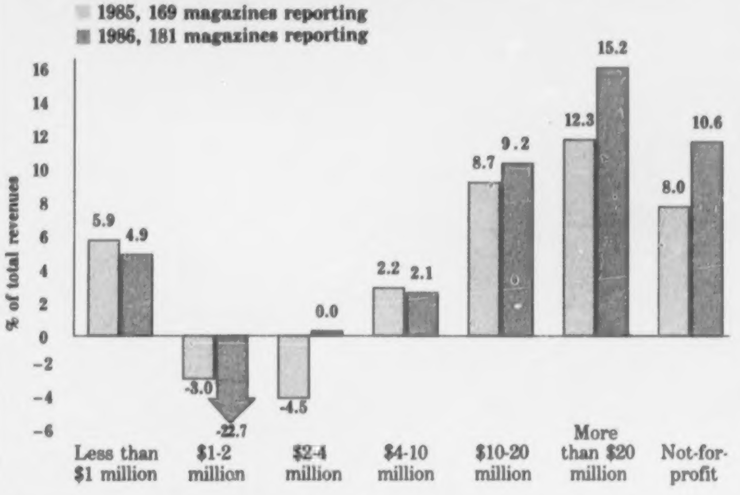
New York City—Pretax operating profits averaged 11 percent last year for the 181 magazines responding to the Magazine Publishers Association's (MPA) annual financial survey. The survey, tabulated by Price Waterhouse, showed profits rose from the 1985 average of 9.7 percent reported by the 169 participating magazines.

Total magazine costs dropped to 89 percent of revenue, down from 90.4 percent for the 1985 survey group, but higher than the 88.7 percent reported for the 172 magazines surveyed in 1984.

Although circulation costs again increased, by 0.7 percentage points, the climb was slower than in previous years and was more than compensated for by reductions in manufacturing and dis-

Magazine pretax operating profits (losses)

As a percent of total revenues, by annual ad revenues



Source: Magazine Publishers Association/Price Waterhouse

***Broken out by annual ad revenue** categories, magazines with revenues of more than $20 million earned the highest average operating profit, 15.2 percent. Performance for 1986 in the $1 million to $2 million category, however, sank to a 22.7 percent loss.*

Summary of responses to MPA financial surveys

	% of total magazine revenues 1984	1985	1986
Revenues			
Net advertising	51.9%	49.7%	48.3%
Gross subscription	33.0	33.3	33.6
Gross single copy	15.1	17.0	18.0
Total magazine revenues	100.0	100.0	100.0
Expenses			
Advertising	9.5	9.4	9.3
Circulation	24.8	26.9	27.6
Editorial	8.7	8.5	8.8
Manufacturing and distribution	36.6	36.2	33.8
Other operational costs	3.3	3.3	2.9
Administrative	5.9	6.1	6.5
Total magazine costs	88.7	90.4	89.0
Operating profit (before taxes)	11.3	9.7	11.0
Number of magazines reporting	172	169	181

Source: Magazine Publishers Association/Price Waterhouse

***Declining supply costs** offsetting rising circulation expenses accounted for moderate gain, to 11 percent, in pretax operating profits for the 181 magazines responding to the MPA/Price Waterhouse annual financial survey.*

Pretax operating profits

As a percent of total revenues, by circulation

Less than 250,000	5.8%
250,000-500,000	8.1
500,000-750,000	8.9
750,000-1,000,000	6.5
1,000,000-2,000,000	7.2
Over 2,000,000	14.1
Weekly/Biweekly	13.0
Not-for-profit	10.6

1986, 181 magazines reporting

Source: MPA/Price Waterhouse

***Magazines** with two million-plus circulation show the greatest profit, while small-circulation magazines show the least.*

tribution costs *(see table)*. At 33.8 percent, those costs averaged 2.4 percentage points lower than the year earlier. According to Robert Farley, MPA senior vice president, lower manufacturing costs were attributed to lower prices for supplies such as paper.

Editorial and administrative costs rose slightly, while advertising and operational costs retreated somewhat from the year-earlier survey.

Advertising continued to slip from its position as the primary magazine revenue source, accounting for 48.3 percent of total revenues in 1986. That is down from 49.7 percent in 1985 and 51.9 percent in 1984. Both single-copy sales, accounting for 18 percent of revenues, and subscriptions, 33.6 percent, contributed to circulation revenue gains.

Breaking the data into six circulation categories, magazines with more than two million circulation turned in the strongest results—an average 14.1 percent operating profit. The second most profitable group, at 8.9 percent, was the 500,000 to 750,000 circulation magazines. The 250,000 to 500,000 circulation category, which in 1985 experienced operating losses of 0.4 percent, turned around for an average pretax profit of 8.1 percent for 1986. Weeklies and biweeklies averaged operating profits of 13 percent.

When grouped by annual advertising revenues, magazines with ad revenues of more than $20 million per year saw average profits of 15.2 percent. Those with revenues between $10 million and $20 million posted a 9.2 percent profit.

Smaller magazines didn't fare so well. The $1 million to $2 million ad revenue category suffered an average loss of 22.7 percent, following a 3 percent loss in 1985. The $2 million to $4 million category broke even after a 4.5 percent loss the year before.☐

ing financing from banks or venture capitalists.

Klein also had a ready store of product buyers—about 100,000—to whom he could send the magazine. "We're still plucking out the best names and feeding them the magazine," he says. Furthermore, advertisers from the directory and card-deck program formed a natural base from which to draw magazine advertising.

Before launching the magazine, Klein drew one third of his revenues from the newsletter, one third from advertising in the directory and card-deck program, and one third from the reports. Now, however, advertising in the magazine provides more than half of the firm's revenue, and it's the area with the greatest growth potential.

Klein likens his approach to publishing to a space mission: The ancillary products serve as "booster rockets" to get the spaceship off the ground; once in orbit, the ship releases the booster rockets and travels under its own steam. Although the magazine is now a profit center, Klein says he maintains a "judicious balance" between the time devoted to the magazine and the ancillary products.

Originally operating under the auspices of Harvard University, Klein took the company private in 1982.☐

Paper leads in publishing costs

Printing and pre-press are second-highest costs

■ *New York City*—Paper, accounting for 40.9 percent of total production and distribution costs, is the biggest budget item for magazines, according to a survey on manufacturing and distribution costs conducted by Price Waterhouse for the Magazine Publishers Association (MPA). The survey reflects the 1986 production costs of 168 magazines.

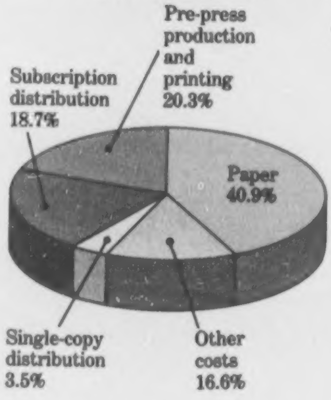
As a group, these magazines spent $590 million on paper last year. This breaks down to 24 cents per copy for text stock and 1.4 cents for cover stock. Pre-press production and printing costs, in second place, account for 20.3 percent of the expenses, with most of that amount attributed to printing. This figure includes typesetting, film assembly, presswork charges and other costs involved in making up magazine pages, excluding costs for preparing and printing covers. Printing costs per issue (excluding covers) are 13.6 cents.

The smaller the magazine, however, the less spent on paper, and the more spent on pre-press and production. For magazines with less than 500,000 annual print orders, paper consumes 22 percent of total expenses, while pre-press and production eat up 53.8 percent of the budget.

Similarly, magazines with print orders of 500,000 to 2.5 million spend 32.7 percent on pre-press, and 37.2 percent on paper. The largest gravure-printed magazines, by contrast, spend just 16.8 percent on pre-press and production and 44.7 percent on paper.

Subscription distribution, the third-highest budget item, accounts for 18.7 percent of budgets, while single-copy distribution takes up only 3.5 percent of expenses. Each subscription distribution costs 15.2 cents, while single-copy distribution costs about half that, or 7.4 cents. Magazines with

1986 manufacturing, distribution costs



Source: MPA/Price Waterhouse

***For the average magazine,** paper is the biggest piece of the budget pie, according to the biannual survey of manufacturing and distribution costs sponsored by the MPA. The survey reflects the 1986 budgets of 168 magazines. The percentages shown here are nearly identical to those reported in MPA's 1984 survey.*

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1986 manufacturing, distribution expenses

Service/material	Cost per issue ¢
Printing (excludes covers)	13.6
Ink	3.0
Distribution cost/ subscription copy	15.2
Distribution cost/ single copy	7.4
Bindery	4.1
Paper (excludes covers)	23.8

Paper cost a publisher more than 23 cents per issue in 1986, according to a study conducted by Price Waterhouse for the Magazine Publishers Association.

10 million to 25 million annual print orders spend the most on distribution, with subscription costs eating 22 percent of total budgets, and single-copy costs consuming 6.25 percent.

Almost half of the magazines surveyed are perfect bound. The most popular paper stock is 40 lb. to 49 lb. coated, used by 57 percent of respondents for all, or part, of an issue.

$1.4 billion in total costs

Magazines in the survey are grouped by annual print-order size, ranging from 500,000 or less to 25 million-plus. The 13 magazines in the smallest group spent a total of $4.7 million on production and distribution in 1986, amounting to an average $360,000 per title.

The 23 magazines in the 500,000 to 2.5-million category spent a total of $27.6 million last year, breaking down to $1.2 million per magazine. The 32 magazines in the 10-million to 25-million group spent $281.5 million on production and distribution, or $8.8 million per magazine.

In total, these 168 magazines spent $1.4 billion last year on printing, pre-press, paper, ink and distribution.

Most of these figures have changed little over the past two years. A 1984 MPA production study found that paper costs accounted for 41.5 percent of the total budgets, that pre-press accounted for 21.25 percent, and that magazines spent 13.7 cents per issue for printing. Subscription distribution, at that time, accounted for 16.4 percent of total budgets, breaking down to 13.4 cents per copy. Costs for distributing single copies were about 5.5 cents per issue.☐

Will drop shipping save you money?

Now is the time to decide whether proposed postal incentives will change the way you mail magazines

■ *New York City*—For the past several months, magazine publishers have been hearing that the proposed postal rate case offers incentives to drop ship, that is, to enter magazines into the mail stream closer to their points of destination.

Although the rate case won't be settled until next spring, publishers should begin now to analyze whether drop shipping will be economical, says Bernard Schraml, production manager, distribution, Reader's Digest Association, Pleasantville, New York, and speaker at a recent Graphic Communications Association (GCA) conference.

If the incentives in the proposed case remain intact, more mailers—even smaller ones—will probably take advantage of the strategy and drop ship mail to destination postal zones, or to one of 470 Sectional Center Facilities (SCFs) across the country, explains Russell Shores, corporate traffic manager, Brown Printing Co., Waseca, Minnesota, and GCA speaker. The new rate proposal offers a flat 11.4-cent per-pound rate for mail delivered to SCFs. That, mailers say, is more economical than the current discount for SCF delivery, which is the regular pound rate, plus a one-cent discount off the per-piece rate.

Large publishing companies, such as Time Inc. and Reader's Digest Association, are, of course, expected to take advantage of the incentive. Their magazines have circulations great enough to enable them to ship economically to a large number of entry points.

But, Schraml explains, even small-circulation magazines can take advantage of pool shipping—sharing transportation with several different magazines—in order to open up new entry points for mailing.

In fact, smaller publishers can receive the SCF discount even if the magazines aren't delivered directly to

How much will you save by drop shipping?

SCF	Entry office	Magazine copy count	Magazine weight	Depew zone cost	SCF zone cost	SCF savings	Freight cost	Net savings
900-LA	Depew, NY	50,000	20,000	$4,266	$2,052	$2,214	______	______
905-LA	Depew, NY	57,000	22,800	4,863	2,239	2,524	______	______
908-LA	Depew, NY	99,000	39,600	8,447	4,063	4,384	______	______
912-LA	Depew, NY	35,000	14,000	2,986	1,436	1,550	______	______

***A proposed postal discount** for mailing to destination Sectional Center Facilities (SCFs) could mean big savings for mailers who drop ship, but publishers must first analyze the costs involved. The above chart is a simplified version of one prepared by the Reader's Digest Association to calculate the savings of dropping magazines at SCFs, as opposed to mailing from the printer at Depew, New York. The dollar amounts in the chart are based on proposed rates. After figuring in freight costs to truck the magazines to Los Angeles, Reader's Digest will know the exact net savings for drop shipping to the destination SCF.*

Reader's Digest, has too many entry points to make personal visits practical, an introductory letter and questionnaire can be sent instead, he says.

His letter informs management at each postal center of the date that the magazine will start shipping copies to that center and lists names and telephone numbers of contacts at the company. Reader's also asks postal management for names of contact people, as well as the name and address of the person who should receive the payment and paperwork. Mail-acceptance hours and unloading information are also requested, he explains.☐

Donnelley, Metromail agree to join forces

A recent merger agreement brings together the largest printer in the United States and a leading list and list enhancement company. In July, R. R. Donnelley & Sons announced an agreement to purchase the outstanding shares of Metromail Corporation for $29.75 per share, or about $289 million.

The merger links Donnelley's Selectronic binding technology with Metromail's list manipulation capabilities. For magazine publishers, the combination makes possible more accurate targeting of editorial and advertising material to specific audiences, according to Donnelley spokesperson James Ratcliffe.

Selectronic binding allows publishers to create a variety of demographic editions by binding selected forms of editorial and advertising. The demographic data used to drive the process derives from mailing lists enhanced with detailed reader information, such as sex, age and income, often cross-referenced with census and Zip data.

Metromail's database reportedly covers 78 million of 85 million American homes. The Selectronic binding equipment reads the demographic information from magnetic computer tape and selects the appropriate forms to be bound in an issue for each reader. The process even allows the various demographic editions to come off the bindery line in Zip sequence, giving the publisher optimum postal presort discounts.☐

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Magazine prices

(CONTINUED FROM PAGE 13)

rate, Capell says.

"If you look at stamp sheets," he notes, "the prices of weeklies have been stable for five years, and the prices of monthlies have increased by 10 percent." According to the Magazine Publishers Association (MPA), average subscription prices for 50 consumer magazines increased by 21.1 percent between 1980 and 1982, but inched up 13.7 percent from 1982 to 1986; single-copy prices increased by 21.6 percent between 1980 and 1982 and by 22.2 percent during the next four years.

Even the past year hasn't seen significant increases. Capell notes that 19 percent of respondents have raised newsstand prices so far in 1987, while 23 percent upped subscription costs. And, according to consultant David Foster, the average subscription price per copy crawled up just one penny, to $1.72, in calendar year 1986, while the average cover price increased nine cents, from $2.21 to $2.30.

Will subscriptions take the hit?

But the steady prices could turn around next year, according to Capell. "I've got a feeling that a portion of the undecided publishers are going to have to [raise prices]," he says. And, if prices increase, says circulation consultant John Klingel, it's likely that hikes will be concentrated on subscriptions, rather than single copies. "Most magazines," Klingel says, "are not doing well on the newsstand. To take prices up in a soft market is not easy. Prices now tend to be at the two- or three-dollar level, and there's not much room left to increase them."

One key factor in possible price hikes, Klingel says, is the postal rate increase that will take effect in mid-1988. Direct mail may "get slammed" by third class hikes of about 30 percent, while second class rate increases of as much as 40 percent to 50 percent may be in store for smaller magazines that don't carry much advertising, he notes.

The cost of paper, too, will "probably be going up," he says. Most manufacturers of coated #4 and #5 groundwood announced $3-per-hundredweight increases this summer, and similar hikes were planned for #4 and #3 freesheet. Sources say that another round of hikes may take place this fall, depending on whether the summer's tight market continues.

Publishers' reluctance to raise advertising rates at a time of sluggish ad growth also puts pressure on subscription prices, adds Klingel. The ad-rate structure has, in fact, been steadily eroded by rate-card negotiations—a trend recently capped by *McCall's* decision to drop its rate card altogether. In addition, says Klingel, advertisers themselves have been unable to raise product prices during a time of low inflation, and so are unwilling to tolerate any ad-price increases.

Circulation pricing is also more flexible then ad-rate pricing, says J. Kendrick Noble, first vice president, PaineWebber Inc. Publishers can raise subscription prices two or three points above the rate of inflation, but can raise ad rates only at the level of inflation, he says. As a result, he predicts, circulation will continue to increase its contribution to magazine revenues, and may account for two-thirds of a publisher's overall revenue within a decade.

Capell warns, however, that subscription price increases may cause a decline in unit sales, at least for the first few months after the hike. Ironically, he says, the end result could be a decline in circulation revenue.

The Economist announces increase

A number of magazines contacted by FOLIO: indicated that they were indeed raising—or had recently raised—either their subscription prices or single-copy prices, or both. *The Economist*, for example, increased its basic subscription rate from $85 to $98 in July, the first increase since 1980; the discounted introductory price went up proportionately. The magazine also boosted its newsstand price from $2.50 to $3 at the end of last year. The increases result, in large part, from the growing cost of transmitting the weekly by satellite from Great Britain, where it is edited, explains Beth Maher, circulation director for the North American edition. The cost of airshipping the magazine throughout the United States has also gone up, she adds.

Maher says she expects more magazines to raise prices this year. "Publishers are finding that the subscription price is important," she says.

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"You can't just give away the store and have advertisers pick up the tab." Price increases, she adds, ought to come in one fell swoop so that consumers don't feel "nickled and dimed."

Sport will be raising its newsstand price from $2 to $2.25 starting next month—the first increase since July 1983. The monthly title's basic subscription price has stood pat at $12 per year since May 1982, although the introductory promotion price has gone up since 1985.

David Obey, circulation director, says that the magazine is "lucky enough to be strong on the newsstand. We need to take advantage of our situation." He acknowledges, though, that despite his own company's move, most circulators are reluctant to raise newsstand prices in view of soft retail sales.

Forbes boosted its subscription rate from $42 to $45 in January, the first increase in two years. Prior to that, the magazine had increased its rates on an annual basis for several years.

Circulation director John Thornton attributes the latest rate hike, in part, to the anticipated postal increases. "We make a constant effort to have subscribers pay their fair share of the costs and not dump it all on advertisers," he says.

At Petersen Publishing, Nigel Heaton, vice president of circulation, says he is moving subscription prices up "as much as the market can bear." In the single-copy area, however, he will not be as aggressive in 1988 as he was this year and last, in light of the price resistance that is setting in.☐

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FOLIO:'s 1987

Circulation salary survey

Who's earning what in circulation, analyzed by job title, area, frequency, and more

BY ROBERT M. STEED

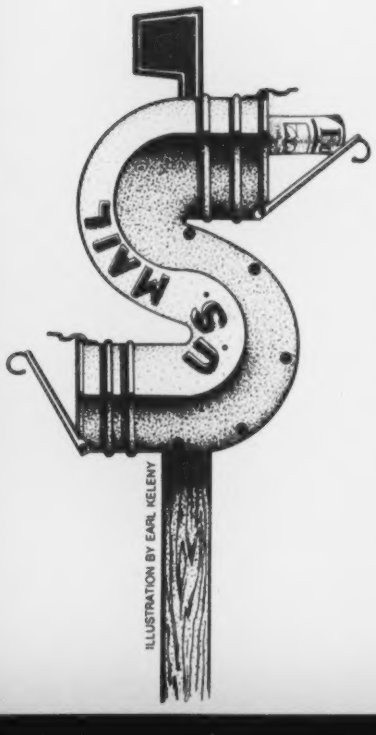


ILLUSTRATION BY EARL KELENY

"I expect to be a publisher within five years. I feel that with an increased emphasis on circulation, it is now a viable alternative for publishing executives to promote circ people into management positions."
—Circulation director in the West, earning $30,000 in salary.

"Five more years in circulation? Unthinkable! I'm going to retire and write mysteries in which the victims will inevitably be publishers, and the heroine/detective a former circulation director. (The ad director did it!)"
—Circulation director in the West, earning salary and bonus of $60,000.

Circulation professionals seem to have a love/hate relationship with their jobs. Perhaps that's because they are at the confluence of all the pressures of publishing—responsible for marketing the editor's product, maintaining circulation for the ad director, developing marketing information about subscribers and audience—and meeting or exceeding the publisher's targets for circulation net income in the bargain. Or perhaps it's because circulation executives must manage a difficult—some might say inconsistent—balance between art and science, creativity and number-crunching.

FOLIO:'s third annual circulation compensation survey measures what those responsibilities are worth to publishers. It provides information on the salary and bonuses paid to top circulation executives (directors) and to those in the second level of circulation management (managers).

As is true in most professions, the compensation of circulators covers a wide range—from a salary of less than $20,000 for the person just beginning his or her career with a small regional publication, to the six-figure salary and bonus combination for a senior circulation executive with a large national magazine.

Some of the highlights of our findings:

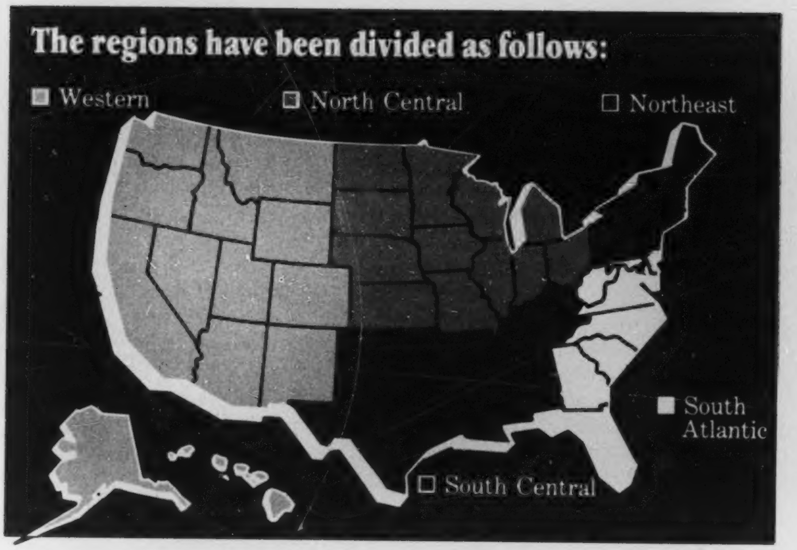
- Being in a bonus plan pays off. Circulation directors and managers who are part of an incentive program receive over 30 percent more in total compensation than those who are paid salary only.
- The salary alone of those circulators who receive a bonus is higher than the salary of those not eligible for an incentive.
- The larger the magazine's circulation, the larger the executive's compensation. People working on publications with over 500,000 in circulation earn nearly double the compensation of those working on magazines with circulations under 20,000.
- Circulation executives at consumer monthlies are paid more, surprisingly, than their counterparts on weeklies, while for business publications, those at weeklies come out on top.
- Overall, consumer magazines pay better than business publications—by $5,000 for circulation directors and $5,500 for circulation managers; but that is caused entirely by pay levels on larger circulation magazines.

Circulation directors

As the top circulation executive, directors earn an average of $40,481 in salary and $42,990 in total compensation. This is over 50 percent higher

---

Robert Steed is managing director of Human Resource Services, Inc., a Manhattan-based firm providing a broad range of consulting services, including executive search, to the communications, consumer packaged goods and service industries. Before joining HRS, he was vice president and director of personnel for Time Inc.


The regions have been divided as follows:

than the averages for their primary subordinates, circulation managers.

Circulation directors receiving salary plus bonus average $48,579, almost $12,000 more than those who receive salary only. Indeed, the average salary of directors eligible for a bonus is $43,738, almost $7,000 higher than the $36,976 average of those paid only salary.

Directors are somewhat more likely to be eligible for incentive compensation if they are responsible for more than one magazine, have large numbers of subordinates, or work on larger circulation magazines. Still, many circulation directors who don't fit those criteria receive bonuses, suggesting that bonus eligibility is more dependent on profitability or the publisher's compensation philosophy than on more quantifiable factors.

Although circulation directors on consumer magazines average $5,000 more in salary than their business press counterparts, that is caused mainly by comparative pay levels on magazines with circulations over 100,000. For those working on smaller magazines, salaries at business publications exceed those paid by consumer magazines.

Salaries in the Northeast lead the nation, at $44,854. This is followed closely by an average of $42,045 paid to those working in the Far West. Compensation levels in the rest of the country trail far behind.

Female circulation directors earn an average salary of $37,954, or 89 percent of the $42,781 earned by their male counterparts. However, women and men eligible for a bonus receive nearly identical total compensation—$47,816 for women and $49,119 for men.

The other primary indicators of higher compensation for circulation directors are as follows:

- Number of years in the business—with salaries steadily rising from $31,573 for those with less than three years to $54,707 for those with more than 20.
- Size of the director's department—where salaries of circulation directors with a staff of more than 10 are nearly double those with no staff at all.
- Number of magazines the director manages—with those responsible for multiple titles earning salaries 18 percent higher than salaries of those with only one magazine under their direction.

Those same patterns are evident in the total compensation data—whether for circulation directors receiving salary and bonus or those paid a salary only.

It pays to work on a paid circulation consumer magazine, where salary averages $44,942 compared with $31,639 for nonpaid publications. The situation is reversed on business magazines, with circulation directors on nonpaid publications edging out their counterparts $38,121 to $36,691.

The impact of frequency is very difficult to judge from the data. Surprisingly, circulation directors of weeklies earn the lowest in terms of both salary and total compensation; however, the sample size among weeklies—19—is quite small. Moreover, the salaries of circulation directors of business weeklies outstrip those of circulation direc-

"I want to be circ director here. I find the learning curve very exciting, and feel I have direct impact on the success of my magazine."

—Circulation manager with two years' experience in the magazine industry, earning approximately $15,000.

"Basically, circulation is no growth to top management. Top management must learn to respect circulators for it to become a true growth position."

—Circulation director in the Northeast, earning roughly $60,000 in salary and bonus.

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Circulation director: Salary only

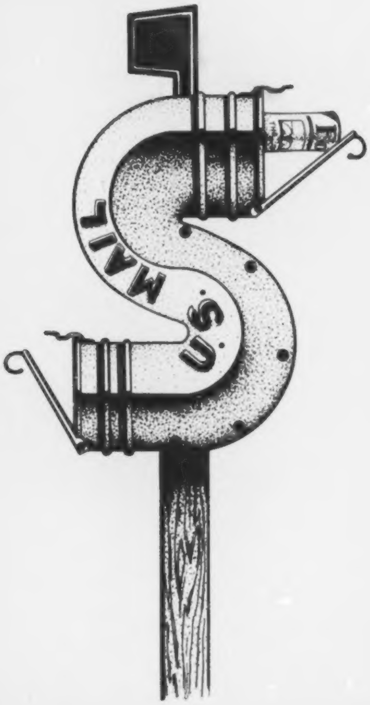
Circulation director, or top circulation executive: Plans, directs and coordinates circulation marketing efforts. *Directly* responsible for budgeting and analyses of single-copy and *all* subscription programs, list rentals, *and* database planning and maintenance. Department head in both single and multi-title companies.

Average salaries (The number of respondents is in parentheses.)		**% increase from '86 to '87**
All respondents	$40,481 (191)	7.8%
Business	37,727 (84)	8.0
Consumer	42,644 (107)	7.6
Top one-third	$58,748 (63)	
Middle one-third	38,618 (64)	
Bottom one-third	24,363 (64)	

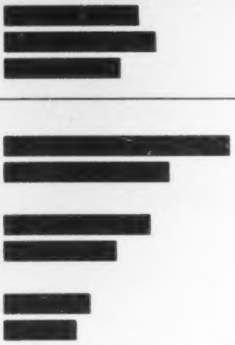
	Average	Average business	Average consumer
By region:			
Northeast	$44,854 (87)	$40,945 (34)	$47,362 (53)
South Atlantic	32,650 (15)	41,188 (8)	22,893 (7)
North Central	35,402 (42)	32,796 (25)	39,235 (17)
South Central	32,569 (13)	36,125 (8)	26,880 (5)
Western	42,045 (34)	37,611 (9)	43,641 (25)
By sex:			
Female	$37,954 (91)	$35,123 (38)	$39,984 (53)
Male	42,781 (100)	39,877 (46)	45,254 (54)
By years in business:			
Up to 3 years	$31,573 (40)	$35,540 (20)	$27,605 (20)
4-10	38,810 (84)	36,103 (31)	40,393 (53)
11-20	44,265 (42)	37,618 (22)	51,578 (20)
Over 20	54,707 (21)	49,045 (10)	59,855 (11)
By no. of employees supervised:			
None	$27,169 (17)	$26,667 (3)	$27,277 (14)
One/2	35,786 (59)	34,971 (28)	36,523 (31)
3-10	42,756 (84)	35,808 (37)	48,226 (47)
Over 10	53,598 (27)	49,282 (14)	58,246 (13)
Responsible for:			
One magazine	$36,211 (80)	$32,528 (29)	$38,306 (51)
More than one magazine	43,807 (109)	40,863 (53)	46,594 (56)
By circulation:†			
To 19,999	$29,227 (11)	$32,571 (7)	$23,375 (4)
20,000-49,999	32,463 (32)	34,578 (18)	29,743 (14)
50,000-99,999	36,893 (37)	39,513 (24)	32,058 (13)
100,000-499,999	41,620 (82)	39,707 (33)	42,908 (49)
500,000 and over	56,489 (26)	0 (0)	56,489 (26)
By frequency:†			
Weekly	$36,124 (19)	$44,050 (9)	$28,990 (10)
Monthly	41,347 (124)	36,159 (57)	45,761 (67)
Bimonthly	42,158 (13)	32,929 (7)	52,925 (6)
Other	39,155 (35)	43,727 (11)	37,059 (24)
By type of circulation:†			
Paid	$42,898 (113)	$36,691 (28)	$44,942 (85)
Nonpaid	36,393 (75)	38,121 (55)	31,639 (20)

†Refers to the largest circulation magazine on which respondent works

> ***"Having been involved in paid, controlled and combination circulation, fulfillment management and fulfillment service, I do find paid promotion/single-copy sales extremely challenging. Publishers do need to realize, though, that that is a full-time position requiring proper support staff. Just as fulfillment management is a full-time job. And all can be a source of revenue—directly or indirectly—and will certainly be instrumental in the overall reputation and profitability of a publication."***
>
> —Circulation director with 13 years' experience, earning salary and bonus of roughly $25,000.



Circulation director: Average total compensation*

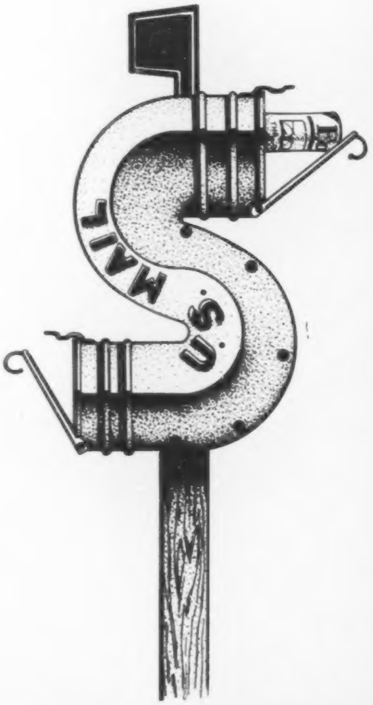


All respondents	$42,990 (191)
Salary and bonus	48,579 (99)
Salary only	36,976 (92)
Top one-third	
Salary and bonus	$71,414 (33)
Salary only	52,570 (30)
Middle one-third	
Salary and bonus	46,560 (33)
Salary only	35,578 (31)
Bottom one-third	
Salary and bonus	27,763 (33)
Salary only	23,282 (31)

	Salary & bonus*	Salary only*
By region:		
Northeast	$52,383 (48)	$42,374 (39)
South Atlantic	38,500 (8)	30,607 (7)
North Central	41,726 (25)	32,053 (17)
South Central	36,325 (4)	32,778 (9)
Western	57,036 (14)	34,751 (20)
By sex:		
Female	$47,816 (41)	$34,419 (50)
Male	49,119 (58)	40,020 (42)
By years in the business:		
Up to 3 years	$37,872 (20)	$28,505 (20)
4-10	47,006 (43)	34,979 (41)
11-20	52,280 (21)	42,483 (21)
Over 20	63,696 (12)	51,156 (9)
By no. of employees supervised:		
None	$29,575 (4)	$26,760 (13)
One/2	41,883 (32)	33,348 (27)
3-10	50,697 (45)	39,472 (39)
Over 10	59,411 (18)	54,900 (9)
Responsible for:		
One magazine	$43,132 (30)	$34,600 (50)
More than one magazine	51,388 (68)	39,799 (41)
By circulation:†		
To 19,999	$29,693 (8)	$35,333 (3)
20,000-49,999	37,593 (14)	30,639 (18)
50,000-99,999	43,569 (15)	34,802 (22)
100,000-499,999	48,706 (40)	39,321 (42)
500,000 and over	67,385 (20)	47,854 (6)
By frequency:†		
Weekly	$42,363 (12)	$31,286 (7)
Monthly	50,476 (64)	37,380 (60)
Bimonthly	53,721 (7)	33,758 (6)
Other	43,403 (16)	38,812 (19)
By type of circulation:†		
Paid	$56,127 (55)	$36,084 (58)
Nonpaid	38,996 (43)	37,465 (32)

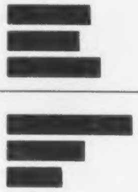
***Categories are broken down by individuals receiving both salary and bonus and those receiving salary only**
†Refers to the largest circulation magazine on which respondents work

> *"I like what I'm doing. In the past three years we changed parts of our circulation from paid to controlled. This has added interest to the job. I am just getting a PC now and look forward to using it to produce direct mail materials. My company will probably change fulfillment bureaus again, and I will be very involved in specifications and conversion requirements."*
>
> —Circulation director in the Northeast, earning salary in the low forties.



Circulation manager: Salary only

Circulation manager: Generally the second level of management in the circulation department. Administers circulation programs for subscriptions and single-copy sales. Handles all facets of circulation for one or more titles. Usually a position found in multi-title companies.

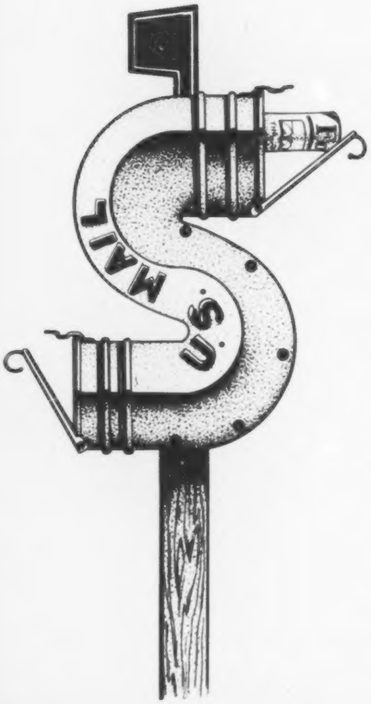


Average salaries (The number of respondents is in parentheses.)		% increase from '86 to '87
All respondents	$26,632 (137)	6.9%
Business	23,928 (67)	5.9
Consumer	29,614 (68)	8.0
Top one-third	$39,487 (45)	
Middle one-third	24,472 (46)	
Bottom one-third	16,216 (46)	

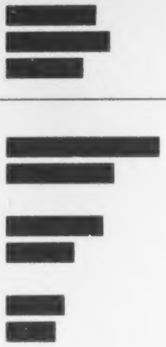
	Average	Average business	Average consumer
By region:			
Northeast	$29,600 (59)	$27,395 (23)	$31,451 (35)
South Atlantic	22,852 (18)	22,245 (12)	24,065 (6)
North Central	24,741 (25)	24,087 (18)	26,423 (7)
South Central	19,377 (7)	20,250 (2)	19,750 (4)
Western	26,312 (28)	19,342 (12)	31,540 (16)
By sex:			
Female	$24,500 (101)	$22,951 (58)	$27,114 (41)
Male	32,746 (35)	30,500 (8)	33,411 (27)
By years in business:			
Up to 3 years	$20,320 (55)	$20,030 (26)	$20,932 (27)
4-10	29,451 (57)	25,212 (25)	32,763 (32)
11-20	34,224 (17)	29,460 (10)	41,029 (7)
Over 20	40,000 (5)	31,750 (4)	73,000 (1)
By no. of employees supervised:			
None	$20,387 (43)	$20,399 (20)	$20,810 (21)
One/2	26,790 (43)	24,605 (20)	28,691 (23)
3-10	30,920 (42)	24,854 (21)	36,986 (21)
Over 10	38,233 (8)	33,132 (5)	46,733 (3)
Responsible for:			
One magazine	$21,603 (57)	$21,134 (32)	$22,759 (23)
More than one magazine	30,215 (80)	26,483 (35)	33,119 (45)
By circulation:†			
To 19,999	$18,449 (19)	$19,056 (14)	$16,900 (4)
20,000-49,999	20,838 (21)	22,062 (12)	19,205 (9)
50,000-99,999	24,056 (34)	25,538 (24)	21,056 (9)
100,000-499,999	29,421 (38)	25,184 (15)	32,184 (23)
500,000 and over	36,984 (25)	40,500 (2)	36,678 (23)
By frequency:†			
Weekly	$26,000 (9)	$26,500 (5)	$28,667 (3)
Monthly	26,333 (87)	22,384 (46)	30,763 (41)
Bimonthly	28,250 (8)	28,250 (8)	0 (0)
Other	27,426 (32)	26,875 (8)	28,108 (23)
By type of circulation:†			
Paid	$30,134 (73)	$25,829 (20)	$32,059 (52)
Nonpaid	22,638 (64)	23,119 (47)	21,669 (16)

†Refers to the largest circulation magazine on which respondent works

> *"What do I see down the line? Not circ! Ditch digging. Floor mopping. Anything. But please not circ. It's crazy. Too much work, work, work."*
>
> —Circulation manager in the West with more than 10 years' experience, earning salary and bonus in the low thirties.



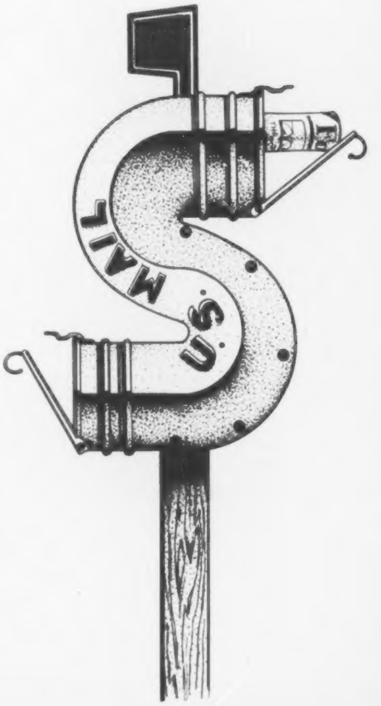
Circulation manager: Average total compensation*



All respondents	$27,245 (137)
Salary and bonus	32,148 (53)
Salary only	24,152 (84)
Top one-third	
Salary and bonus	$48,892 (17)
Salary only	34,657 (28)
Middle one-third	
Salary and bonus	$30,026 (18)
Salary only	22,303 (28)
Bottom one-third	
Salary and bonus	$18,455 (18)
Salary only	15,496 (28)

	Salary & bonus*	Salary only*
By region:		
Northeast	$32,625 (28)	$28,396 (31)
South Atlantic	23,108 (6)	23,211 (12)
North Central	31,118 (7)	22,701 (18)
South Central	0 (0)	19,377 (7)
Western	36,154 (12)	20,356 (16)
By sex:		
Female	$27,291 (35)	$23,547 (66)
Male	42,321 (17)	26,372 (18)
By years in the business:		
Up to 3 years	$22,556 (18)	$19,678 (37)
4-10	34,948 (29)	25,403 (28)
11-20	40,262 (5)	32,658 (12)
Over 20	83,000 (1)	31,750 (4)
By no. of employees supervised:		
None	$24,132 (12)	$19,275 (31)
One/2	30,863 (19)	24,827 (24)
3-10	34,355 (17)	29,530 (25)
Over 10	48,760 (5)	27,220 (3)
Responsible for:		
One magazine	$23,709 (14)	$21,113 (43)
More than one magazine	35,177 (39)	27,339 (41)
By circulation:†		
To 19,999	$21,700 (1)	$18,279 (18)
20,000-49,999	25,550 (4)	20,188 (17)
50,000-99,999	25,752 (17)	23,194 (17)
100,000-499,999	33,455 (21)	26,404 (17)
500,000 and over	43,958 (10)	34,227 (15)
By frequency:†		
Weekly	$26,444 (4)	$26,200 (5)
Monthly	31,976 (35)	23,470 (52)
Bimonthly	32,825 (2)	27,333 (6)
Other	34,438 (12)	24,666 (20)
By type of circulation:†		
Paid	$37,664 (31)	$26,197 (42)
Nonpaid	24,374 (22)	22,107 (42)

> *"As soon as I graduated from high school, I was hired as a circ department clerical worker, then got promoted to circ manager last year. My goal is to have the title of circulation director. Right now I am pursuing a business administration degree to help me advance."*
>
> —Circulation manager with three years' experience, earning salary and bonus of about $20,000.



*Categories are broken down by individuals receiving both salary and bonus and those receiving salary only

†Refers to the largest circulation magazine on which respondent works

Are you getting maximum mileage from research?

Three key problem areas in the development and use of research must be resolved if research is to meet the needs of magazine professionals today

BY PIERCE HOLLINGSWORTH JR.

In many ways, the problem that car makers faced in the early 1970s parallels magazine research in the 1980s. Cars in the seventies were big and heavy, powered by gas thirsty V-8s. Then came the oil embargo—and expensive gas. Today cars are nimble, trim and pulled around by little sixes and turbo-fours. Today's cars are built more efficiently and they run more efficiently.

Today's research, however, is like yesterday's gas guzzler. It gets us where we want to go, but it doesn't go very far between fill-ups.

The challenge is to develop lean, nimble research management that efficiently involves all the wheels and cogs in the publishing machine. This goal is reachable, but getting there is tough because research often involves departments that traditionally don't mix well. And, the role of research is hotly debated, too.

An introspective research project recently completed by Northwestern University's Medill School of Journalism bears this out, and confirms what many magazine professionals have been grumbling about for some time. The study clarifies some of the key problem areas as perceived by 535 magazine professionals across all major departments, and it provides a hit list for any discussion of efficiency.

Medill's study was funded with proceeds from the school's Helen Gurley Brown Research Professorship Endowment, granted by the Hearst Corporation in 1985. The survey sample was compiled from 775 Magazine Publishers Association and Association of Business Publishers members interested in research, and 600 magazines

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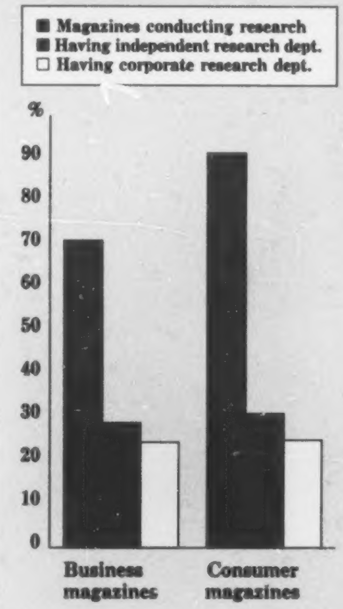
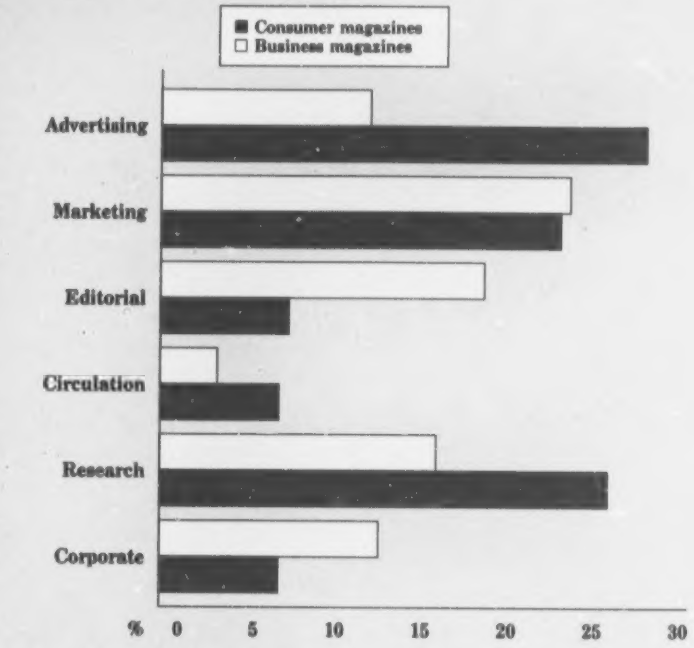
Magazines conducting research



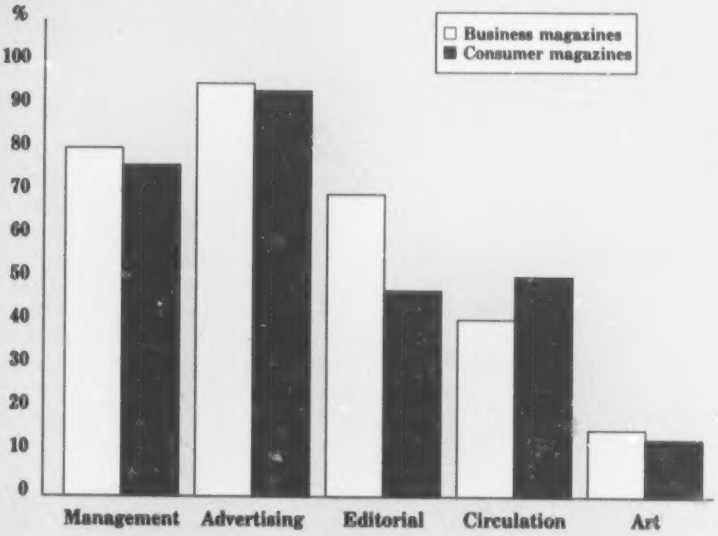
A high percentage of magazines conduct research. Independent research departments are those connected to one magazine title, generally; corporate research departments serve the broad research needs of more than one title or corporate function.

Departments with primary responsibility for research



Research responsibility is divided among various departments and magazine types. For business magazines, the marketing department most often has responsibility, while among consumer respondents, it's the advertising department.

Departments for which research is quite or very important



Research is important. Among respondents, advertising is the most important area for research activity. Art is the least important.

identified in 1986 Standard Rate and Data Service listings. Five hundred thirty-five questionnaires were returned, for a response rate of 39 percent.

The results show that the biggest problem faced by people involved with research is lack of time and money, both for development and evaluation of projects. The second biggest difficulty is in the use and understanding of results. It's clear, also, that the two problems are closely linked.

"The ranking for usage is notable. It's higher than poor return rates, lack of standardization and other topics commonly discussed in the field," says Tom Jacobson, Medill assistant professor, who, with adjunct professor Bernard Gordon, spearheaded the project. They stress that research potentials and limitations clearly are not understood within many companies, creating a significant efficiency problem in those organizations.

This, in turn, becomes a management problem. Because time and money generally are not variables, the solution must come from better use and understanding of results through better planning and communication.

Identifying the problems

Publishing executives, editors, researchers and sales professionals who were asked to respond to Medill's research findings in this area identified three basic problem areas associated with the use and understanding of research:

1. Insufficient input during planning.
2. Insufficient sharing of results between departments.
3. Poor communication, even when results are shared.

The problems vary a bit between consumer and business magazines (paid versus controlled circulation), and between large versus small companies. But there is a near universal sentiment that virtually all magazines could get more for the precious dollars they now spend—no matter the function.

"Out-of-pocket expenditures for research comprise 1.15 percent of gross revenue," Jacobson and Gordon write in their research summary. "This is $29,988 of $2.6 million per year for the median magazine in this sample." At a time when cost containment pressures are acute, greater efficiency is attractive, yet elusive.

Medill's study shows that the three identified problem areas are sticky because of a mix of culture, personnel training and background, publishing tradition and mindsets that are deeply rooted. Some of the study's verbatim comments bear this out. Responding to the question, "What is the main problem you confront in conducting and using research?" a researcher writes, "Getting agreement on the statement of the problem and then keeping the nonresearcher out of our lives."

From the editorial side comes, "Actual researchers don't see the big picture."

A sales executive writes, "You need to look beyond the numbers to trends."

From top management, two comments seem to summarize the general outlook: "Departments don't understand how to use research." And, "Research is often misinterpreted."

A call to arms

For some, this has become a call to arms. Among those reacting, in a series of telephone interviews, to the Medill findings and the need for research efficiency, there was a striking contrast in perspectives—but surprising agreement on where the problems lie.

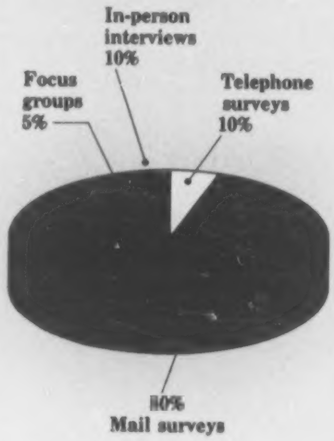
"You can almost take any kind of [research] study and there should be some sort of interest by someone else on staff with another function," says David Forsyth, McGraw-Hill research vice president.

Forsyth stresses that more up-front interdepartmental involvement would increase research efficiency, especially in business publishing, but cultural practices make this simple concept tough to implement.

Foremost is the gulf that separates the key research players: editorial, sales and circulation. The division between editorial and sales traditionally is like the separation between church and state.

Use of various research methods

(Totals to over 100% because some studies use multiple methods)



Although there are various ways of conducting research, mail surveys were the method of choice for most respondents.

"Editorial is insular, it's the ethics of the business," Forsyth notes. This truth often prevents potentially important communication during the research planning process.

> "This fear is rooted in not wanting an outside force dictating the direction of the editorial product."

Take a business publication serving the food industry. An editor may have an intuition that a certain product category is on the move—say, Mongolian stir-fry vegetables. At the same time, the advertising department is conducting sales research to discover which products in which markets are moving, among its advertisers. If the editor learns about the research before the survey work is started, he may be able to piggyback a couple of questions that will serve to confirm—or refute—his intuition. But it's unlikely that the editor will find out about the research.

This reality has another negative effect: "One of the reasons we don't get funding for a research project is that the cost for that one project is just too high. If we could get those second and third uses in there, maybe we would have a better chance," says Arnold Consdorf, a former chief editor, now vice president and publisher of *Security World*, a Cahners magazine.

It's a matter of communication, and overcoming the reluctance of editors to talk to anyone in the advertising realm. It's also a matter of strengthening the link between these two groups and the circulation department—and strengthening the link each of these departments has with the research department.

This linkage problem is further compounded by both geography and mindset, the latter usually in the form of an antiresearch bias. "[Many editors] are not concerned because they don't believe in research. One of the biggest reasons [the editors] don't become more involved is that they're afraid of it," McGraw-Hill's Forsyth says. The fear he sees as rooted in ignorance. This is particularly true of editors who have never had any formal training in or exposure to research. And it's rooted in not wanting an outside force dictating the direction of the editorial product.

For some, this total separation is okay, even cultivated. Normally it's an attitude more common among larger consumer publications where editors, and other departments, have the money and resources to do for themselves within their own department and where shared information provides few insights.

According to Gil Maurer, president of Hearst's magazine division, "Editors by and large are terribly naive about research. They mistrust it, and when you begin to say let's do a little, they're like babes in the woods. . . . As a result, I generally don't encourage our editors to get involved in any quantitative research. I do encourage . . . more visceral stuff, which would have to do with focus groups, and so on."

Time Inc.'s Richard Stolley says simply, "Research tells you what's going on, not what's going to happen."

Neither Stolley nor Maurer sees particular value in front-end communication between the editorial and other departments when it comes to research, although Stolley does stress that in a start-up situation, when the knowledge base is being established, such cooperation is essential.

Stolley also finds little reason for editors to be irrationally fearful of the research process. "I don't know why editors are concerned about research as long as they operate in an atmosphere where they have the option of heeding it or not," he says.

Sharing research results

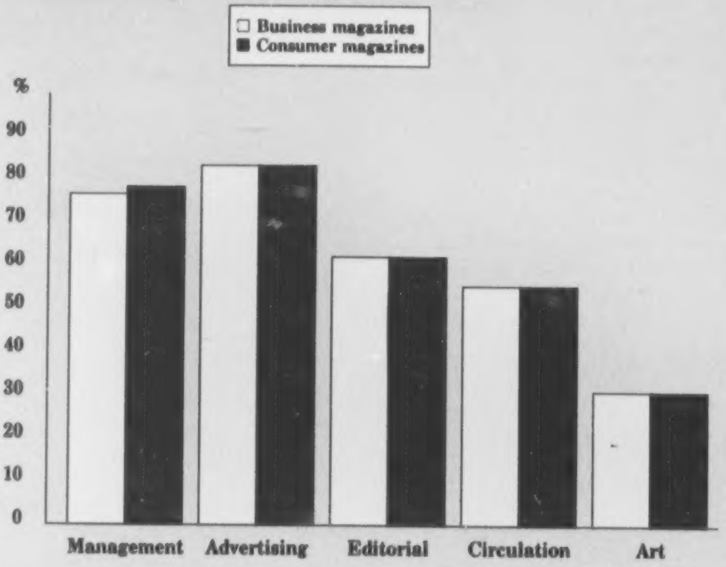
Medill's study indicates that while there's a sizable investment in research, nearly two out of three professionals surveyed said it is important for their editorial department to have more information about overall research activities and research results. Sentiments ran high for other departments too.

> "There is near universal sentiment that all magazines could get more for the precious research dollars they spend—no matter what the function."

Essentially, the Medill study indicates a clear desire for a wider distribution of research information. Says William Coffee, executive vice president of William Coffee & Associates, advertising sales representatives for *Yankee* magazine, and a number of consumer and association publications, "We would welcome any and all information we can get from the editorial department because it gives us a lot of insight."

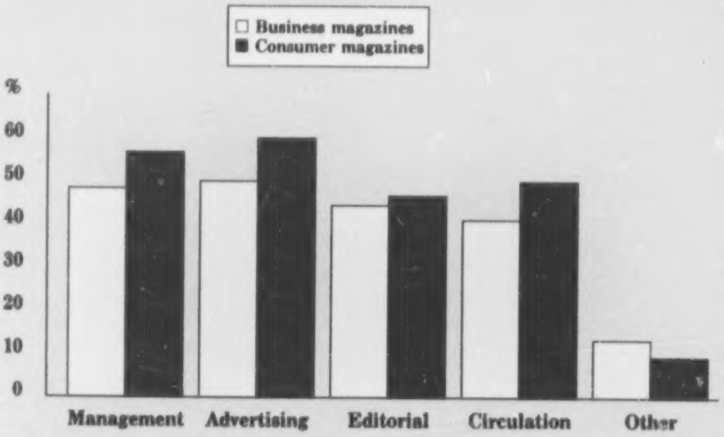
He explains that whether a sales department is in-house or a representative, it is helpful at least to be on the routing list for all magazine research, including circulation. It allows salespeople to pick and choose what is potentially valuable in preparing sales and marketing presentations. A look at everything is important because, "you don't always know what you're

Departments for which more research information is quite or very important



"More research" is indicated in virtually the same areas of current heavy activity. This indicates some dissatisfaction with current levels of research activity, in both consumer and business magazines.

It is quite or very important that research departments know more about . . .



Business and consumer publishing professionals indicate that research departments need to know more about daily activities of advertising, as the top priority. This indicates that various managers think the research department could generally become more effective if it gained more understanding of the other departmental activities and mindsets.

not getting," Coffee says. "If we had it, we could convert it."

Obstacles in this part of the efficiency puzzle are the same as those faced in developing the research—they simply arise after the research is complete. Mindset certainly is key among them, compounded by "interdepartmental possessiveness."

Forsyth explains it this way: "[The department head] will say 'I'm not particularly interested in sharing this . . . it's coming out of my budget, and I want to get everything I can out of it. They have their own money, let them do it.' "

> "Although there was a striking contrast in perspectives, there was surprising agreement on where the problems lie."

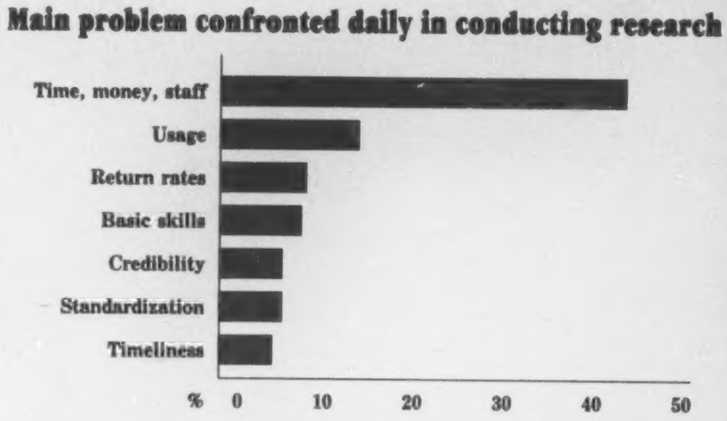
Forsyth also notes the problem of departments being in "different places, different offices." This is especially true in larger companies, which may be scattered over several buildings or even states.

Because there may be little communication to start with, it's tough to develop lines that are set up solely to transfer research information. And this ties directly into the third problem element in the research efficiency puzzle: Communication.

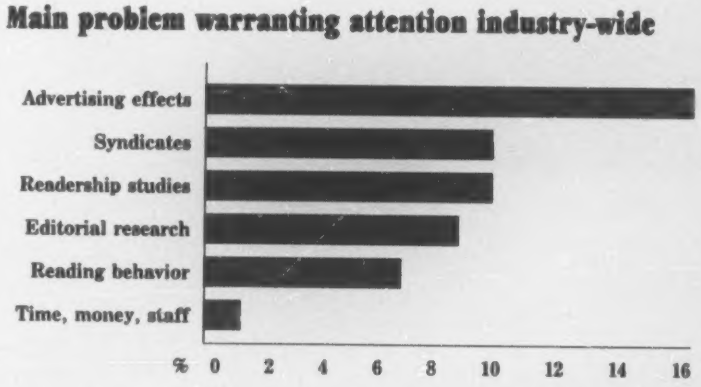
Poor communication

The linchpin here is the research department, regardless of whether it's a single person or a layered department. In virtually all research situations, every department works with—and through—the research department. And it's in this process that efficiency usually suffers badly—simply because the different players all speak different languages and want different things.

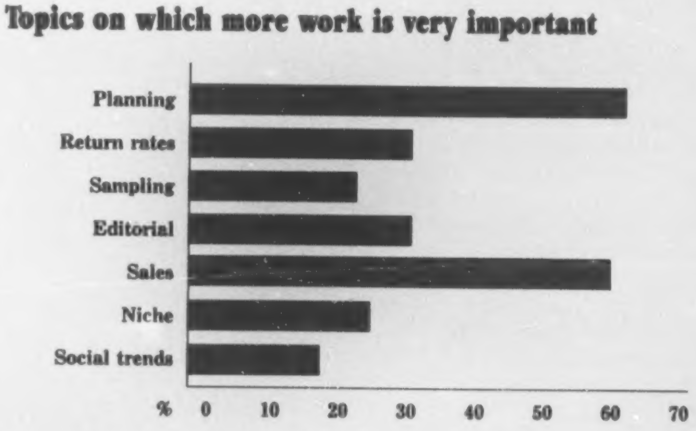
The sales department wants clean, clear, attractive, simple and favorable tools. The editorial department wants predigested directions that look ahead. The circulation department wants detail, consistency and verification. The



"Not enough time, money or staff" completely outdistanced all other research problems. Usage, however, was a significant second, indicating a notable lack of research efficiency.



Where and how should research dollars be spent? Advertising again tops the list.



Sales and planning topics head the list of research categories needing more work.

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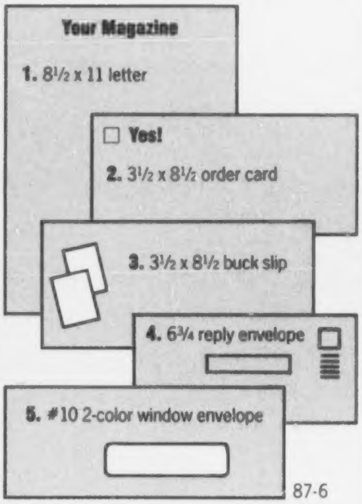

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researcher, on the other hand, often doesn't even have a publishing background and has a tough time wrestling with this communication problem.

Says Hearst's Maurer, "Most editors aren't too articulate on matters like [research]. And the research department doesn't understand the subtleties the editor is trying to get at. As a result, the two of them travel on parallel courses about a quarter of a mile apart."

Finding solutions

Solutions start with the fundamental question of what role research will play across all departments. And the answer must come from top management. Only from the top can culture-changing decisions have an impact.

"You've got to go with the publisher or the top person on the magazine. He has the authority," states Forsyth. He stresses that where the buck stops is where increased efficiency has to begin. A few possibilities:

- Invite more departments to participate in the research planning process. It needn't be a conference room situation on every occasion, but a system of posting pending projects would alert the players. From Stolley's perspective, "appropriate information is helpful to any editor, and he can decide if he's going to act on it."

> "Mindset is certainly a key, as is interdepartmental possessiveness, in this part of the efficiency puzzle."

- Define more clearly the role of research. Many fears are based on the perception that research, where it gets a foot in the door, will supersede intuition and personal judgment. This anxiety is especially severe in editorial. Stolley again: "The only problem with research is if everybody takes it too seriously. Fortunately, where you have checks and balances, that's not a problem."

- Educate research personnel, or hire researchers who understand the world of publishing. According to Maurer, "The research department has to work much harder and learn what the concerns of editors are and how to talk with them."

In addition to education, stature is important. According to Forsyth, research is "a poor stepchild for the most part . . . . I've attempted to increase the level of research people and put them in areas where they do interact as peers [with other department heads]." He cites *Business Week*'s vice president of marketing services and research position. And he insists that "the image of the researcher certainly could be raised across the board."

- Educate other departments. Each department needs a different educational experience in this context. Editors need to see how research can help them, and they need to demonstrate some leadership over their own research fate by communicating with the research department. In addition, they must be coached in how to avoid overreacting in the opposite direction. Says Maurer, "The problem in using research is that it takes a great deal of sophistication to use it well—and I have found that quantitative research is misused more than it's well used."

Salespeople, on the other hand, readily recognize the value of research. "They go out, make a call and are challenged immediately," Forsyth says. They appreciate what good, positive research can do for them. Nevertheless, they often have trouble articulating their needs and plotting overall sales-based research strategies.

The difficulty here is allocating the time for such education. It takes a management commitment.

Clearly the challenge is not an easy one. The Medill study underscores the importance that professionals in all the publishing functions place on broader use of research. The hard task is to make it happen without the kind of big investment Detroit put into its cars. The answer lies in broader, more productive use of existing research dollars, and this means training, changing culture and sharing ideas and information. Some bridges across the sales and editorial divide may have to be built—without violating the sanctity of the editorial product. It's going to take a creative commitment.

The last word goes to David Forsyth: "It's not a challenge you're going to solve overnight—but there aren't many of those anyway."☐